UNIVERSITY OF MANITOBA

ANNUAL FINANCIAL REPORT 2004

105-01376/

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(Additional information is available at www.umanitoba.ca/admin/financial_services/)

MISSION STATEMENT

"The mission of the University of Manitoba is to create, preserve and communicate knowledge and, thereby, contribute to the cultural, social and economic well-being of the people of Manitoba, Canada and the world".

In fulfilling its mission, the University of Manitoba seeks to:

- *Provide the highest possible quality of undergraduate and graduate university teaching in the humanities, social sciences, natural and applied sciences, the fine and performing arts and the professions;*
- *Enhance student success by fostering an environment conducive to intellectual and personal growth;*
- *Conduct original scholarship and basic and applied research, and produce creative works of highest quality as judged by international standards;*
- *Serve the community directly by making its expertise available to individuals and institutions, and by providing as much access to the university's intellectual, cultural, artistic and physical resources as its primary teaching and research responsibilities permit;*
- *Preserve and protect academic freedom and intellectual independence, and provide a forum for critical inquiry and debate; and,*
- *Promote equity in access and employment and in the conduct of the university's affairs.*

REPORT OF THE BOARD OF GOVERNORS

To the Lieutenant-Governor-in-Council, Winnipeg, Manitoba

In Compliance with Section 22(1) of The University of Manitoba Act, the Annual Report on the financial affairs of the University for the year ended March 31, 2004 is herewith submitted to the Lieutenant-Governor-in-Council. In this report, we set forth in detail -

(a) the receipts and expenditures for the next preceding fiscal year,
(b) the investments as they stood at the end of the year, and
(c) other particulars which may be of interest to the Lieutenant-Governor-in-Council.

Included with this Report are the Financial Report of the Vice-President (Administration), the Statement of Responsibility for Financial Reporting and the Report of the Auditor General of the Province of Manitoba on the audit of the accounts of the University.

Receipts and Expenditures:
Summary of General Operating Fund Results
(In thousands of dollars)

	Year Ended March 31, 2004	2003
Revenues and Other Additions	$ 351,276	$ 336,508
Expenditures and Other Deductions	322,710	304,670
Net Revenues	28,566	31,838
Appropriated To Specific Provisions	(1,919)	(10,305)
Inter-Fund Transfers	(26,550)	(20,785)
Net Increase (Decrease) To Fund Balances	$ 97	$ 748

Additions exceeded deductions by $28,566,000 for the current fiscal year. Net appropriations of $1,919,000 were made to specific provisions and an amount of $26,550,000 was transferred to other funds. The resulting net surplus of $97,000 has been added to the general operating balance in the General Operating Fund, increasing it to a balance of $1,800,000 as at March 31, 2004.

Investments:
Investment holdings at March 31, 2004 were as follows (at fair value):
(In thousands of dollars)

Canadian Bonds	$ 64,351
Canadian Equities	64,708
U.S. Equities	38,184
International Equities	40,140
Other Short Term Investments	116,934
	$ 324,317

Details of the above summaries will be found in the Consolidated Financial Statements of the University which follow.

REPORT OF THE BOARD OF GOVERNORS

Members of the Board of Governors:

At March 31, 2004 the members of the Board of Governors were as follows:

CHAIR
Wayne R. Anderson, B.S.A., M.B.A.

VICE-CHAIR
Terry Sargeant, B.A., LL.B.

CHANCELLOR
William Norrie, C.M., O.M., Q.C., B.A., LL.B., LL.D. (Man.), LL.D. (Wpg.)

PRESIDENT AND VICE-CHANCELLOR
Emöke J.E. Szathmáry, C.M., B.A.(Hons.), Ph.D., LL.D. (Tor.), D.Sc. (Western)

APPOINTED BY THE LIEUTENANT-GOVERNOR-IN-COUNCIL
Morgan Albl, B.A. (Hons.)
Alfred Black, B.Math., M.Math.
Vanaja Dhruvarajan, B.A., M.A., Ph.D.
Kris Frederickson, B.Sc.
Ellen Gordon, B.A., M.S.W.
Graham Lane, B.A., C.A.
Lisa Meeches, B.A.
Joanna Plater, B.A. (Hons.), M.A.
Terry Sargeant, B.A., LL.B.
Jennifer Simons, B.A.
Shirley Van Schie, B.A. (Adv.), M.A., LL.B.
Doris Young, B.A. (Hons.), M.P.A.

ELECTED BY SENATE:
Harry W. Duckworth, B.Sc.(Hons.), Ph.D.
Janet Hoskins, B.E.S., M.Sc., Ph.D.
Anthony S. Secco, B.Sc. (Hons.), Ph.D.

ELECTED BY GRADUATES
Wayne R. Anderson, B.S.A., M.B.A.
Ian C.P. Smith, B.Sc. (Hons.), M.Sc., Ph.D., D.Sc. (H.C.), D.Sc. (H.C.), Fil. Doktor (H.C.)
Doug Ward, Q.C., B.A., LL.B.

ELECTED BY THE UNIVERSITY OF MANITOBA STUDENTS UNION
Shawn Alwis
Erin Prosser
Christopher Kozier, B.Sc.

ACTING UNIVERSITY SECRETARY
Jeff M. Leclerc, B.Ed.

Respectfully submitted,
The Board of Governors,
The University of Manitoba.

Wayne R. Anderson,
Chair.

FINANCIAL REPORT OF THE VICE-PRESIDENT (ADMINISTRATION)

The fiscal year end marks a financial point in time that provides the opportunity to reflect on the utilization of resources and achievement of goals throughout the University in pursuit of its vision of excellence and innovation in teaching, research and community service.

In July, 2003 following a highly consultative process, the President released a new strategic academic plan, *Building for a Bright Future*, to guide the University on its course in attaining its vision "*To affirm the University of Manitoba among the best of Canada's research intensive institutions and to lead our nation in demonstrating a commitment to the education of a broad sector of society*". All members of the University of Manitoba community were challenged to determine what he or she will do to move the University forward in achieving the following five institutional priorities identified in *Building for a Bright Future:*

1. Provide access to an exceptional education.
2. Attract and retain the best.
3. Be a centre for research and graduate education that makes a difference to our province, our nation and our world.
4. Provide the human, physical and technological infrastructure necessary for learning and research.
5. Be at the centre of our community: On Manitoba.

The financial results in the accompanying financial statements are but one of many relevant measures of success in achieving these five institutional priorities. In the following report, I highlight the 2003-2004 financial results and in telling the story behind the numbers, share a few of the many significant accomplishments of the University of Manitoba over the past year.

Investing in the University of Manitoba

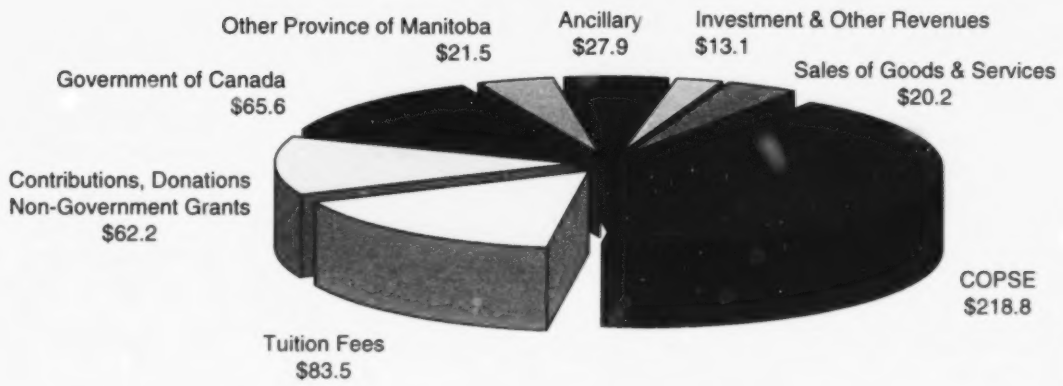
For fiscal year 2003-2004, total University revenues in all of its Funds (unrestricted and restricted) were $512.8 million, an increase of 3.1% over the prior year's revenue of $497.4 million. Council on Post Secondary Education (COPSE) grants to the University of Manitoba increased by $10.5 million to a total of $218.8 million, accounting for most of the increase in revenues.

Increased funding from COPSE included increases in compensation to the University for the 10% rebate on tuition fees of $513,000, an increase in the 2003-2004 operating grant of 3.4% or $6.3 million to support operating cost increases, an increase of $916,000 for special program initiatives and an increase of $2.7 million in infrastructure and other capital grants. COPSE funding is essential to the University's successful operation, accounting for 42.7% of the University's total revenues. In addition, the University of Manitoba receives grants from other Province of Manitoba departments such as Health and Agriculture. These revenues totaled $21.5 million in 2003-2004 and relate primarily to specific research and education priorities and capital grants, accounting for a further 4.2% of total revenue. Almost half of the University's total revenues, therefore, come from the Province of Manitoba, attesting to the strong commitment that the government has shown to the University of Manitoba over the years.

Government of Canada contributions of $65.6 million, or 12.8% of total revenues, primarily relate to specific research projects awarded through the federal granting councils. Other key contributors to the University of Manitoba include our large community of local, national and international supporters through donations, contributions and grants of $62.2 million, making up 12.1% of total revenues. Much of this revenue is restricted for various purposes and flows into the University's trust and endowment funds. In addition, the University generates investment and other miscellaneous revenues (2.6% of total revenues) and revenues from support services offered through its ancillary enterprises (5.4% of total revenues). The sale of various goods and services (3.9% of total revenues) also generates revenues for many faculties and schools, supplementing the resources that are available to them for operating purposes while at the same time providing important linkages in the community.

The pie chart in **Table 1, Total Revenue - All Funds** shows a breakdown of the revenues of the University by its source.

Table 1
Total Revenue - All Funds ($512.8M)
(General Operating $351.3M; Restricted $151.6M; Endowment $9.9M)
March 31, 2004
(expressed in millions of dollars)



University Operations

The operating results of the University of Manitoba for fiscal year 2003-2004 are summarized in **Table 2**, **General Operations**, together with the April 1, 2003 approved operating budget. Revenues are shown by source and expenses by function and type to provide an overview on how the University spends its resources in the General Operating Fund. The University has historically been very successful at achieving a balanced budget at the end of each fiscal year. This is due to both strong budgetary controls that are in place centrally as well as through the sharing of fiscal responsibility by the faculties, schools, libraries and administrative support units.

The current fiscal year is no exception with a general operating surplus of $97,000 after net transfers of $28.5 million to other funds. The most significant of these are transfers to the capital fund of $24.2 million for the acquisition of furniture and equipment, computers, library acquisitions and vehicles and for the renovation of various facilities. The use of operating funds to support the acquisition of minor capital is consistent with practices in prior years as funding is generally not available from other sources. Because the University uses fund accounting to account for its revenues and expenses, there are many transfers between funds which are detailed in the notes to the accompanying financial statements.

General operating expenses increased by $14.9 million during fiscal 2003-2004. This is net of a $2.2 million savings in property taxes, attributable to the Province's commitment to phase out the requirement for the University to pay property taxes. This phase-out will take effect over a five-year period and will continue to have a positive impact on the University's finances. The phased out taxes exclude residences and commercially leased space, which will continue to be subject to property tax.

In the review of operating expenses by function, about 79% of the increased expense is attributable to instruction and the remaining 21% to various aspects of the University's operation including the libraries, student services, physical plant and administration. In the review of expenses by expense type, all of the $14.9 million increase is attributable to increases in salary, benefits and payroll tax costs, resulting from salary increases and increased staff numbers.

Building for a Bright Future
Provide Access to an Exceptional Education - Attract and Retain the Best

Staff

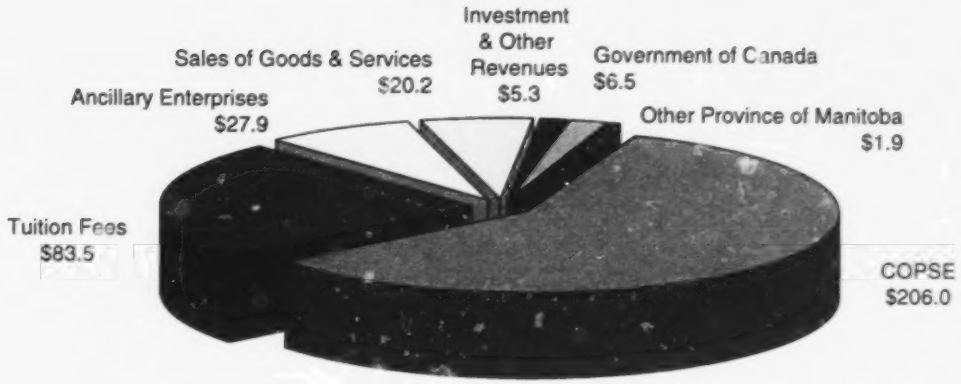
The University of Manitoba is all about people with about 75% of its current year's expenses being spent on salaries and related costs. In 2003-2004, the University employed 3,389 full time equivalent ("FTE") staff on a year round basis, 1,528 of which were academic staff and 1,861 of which were administrative and support staff, making the University one of the largest employers in Manitoba. Over the course of fiscal year 2003-2004 there was a net increase in academic and support staff of 122 FTE positions.

Table 2
General Operations
Summary Statement
(expressed in thousands of dollars)

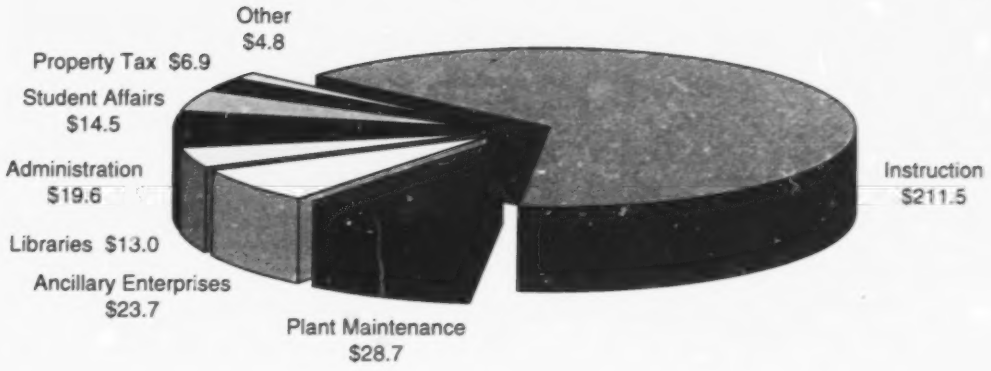
	April 1, 2003 Budget	March 31, 2004 Actual	March 31, 2003 Actual
Revenue:			
COPSE	$ 206,282	$ 205,969	$ 198,211
Tuition Fees	80,392	83,517	79,126
Ancillary Enterprises	26,793	27,871	26,322
Sales of Goods & Services	17,469	20,228	20,538
Investment & Other Revenues	4,007	5,314	4,208
Government of Canada	5,500	6,482	6,098
Other Province of Manitoba	2,360	1,895	2,005
	342,803	351,276	336,508
Expense by Function:			
Instruction	$ 196,585	$ 211,537	$ 199,790
Central Reserves*	33,115		
Plant Maintenance	31,882	28,712	28,498
Ancillary Enterprises	26,793	23,664	23,869
Libraries	18,901	13,027	11,897
Administration	16,259	19,617	17,471
Student Affairs	13,917	14,452	13,335
Property Tax	6,994	6,900	9,051
Other	3,749	4,801	3,916
	348,195	322,710	307,827
Net Revenue	(5,392)	28,566	28,681
Net Transfer from (to) Other Funds	5,392	(28,469)	(27,933)
Net Increase to Fund Balance	$	$ 97	$ 748
Expense by Type:			
Academic & Other Instructional Salaries	$ 121,866	$ 125,871	$ 117,519
Support Staff Salaries	79,852	83,284	78,059
Supplies & Expenses	76,144	43,055	41,824
Staff Benefits	27,993	28,859	26,470
Utilities	16,824	15,643	15,199
Ancillaries Cost of Goods Sold	14,344	14,642	15,548
Property Tax	6,994	6,900	9,051
Payroll Tax Levy	4,178	4,456	4,157
	$ 348,195	$ 322,710	$ 307,827

*Represents funds budgeted for distribution to units' budgets during the year for salary and contract increases and other centrally funded initiatives.

General Operating Fund
Revenue by Source
2003-2004
(Total $351.3M)


Investment & Other Revenues $5.3
Sales of Goods & Services $20.2
Government of Canada $6.5
Ancillary Enterprises $27.9
Other Province of Manitoba $1.9
Tuition Fees $83.5
COPSE $206.0

Expense by Function
2003-2004
(Total $322.7M)



Expense by Type
2003-2004
(Total $322.7M)

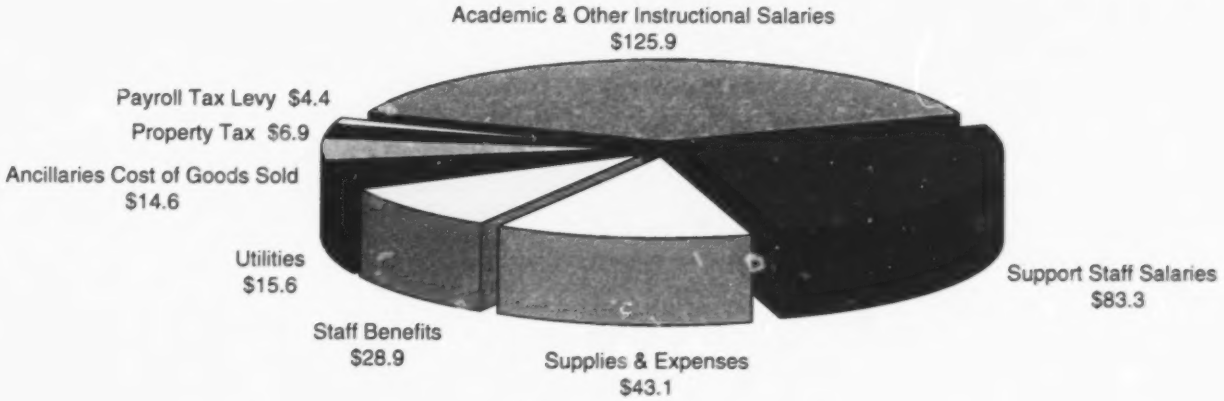
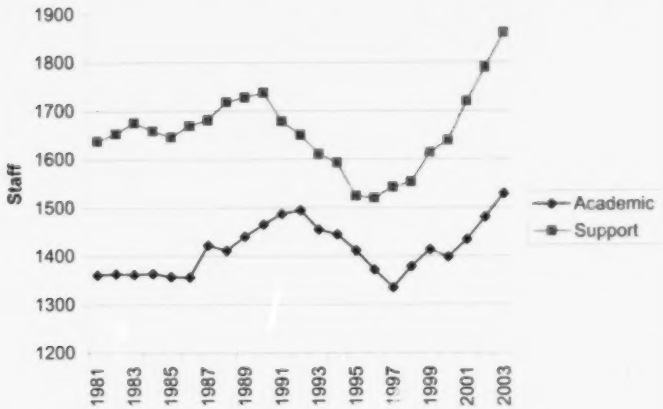

Academic & Other Instructional Salaries $125.9
Payroll Tax Levy $4.4
Property Tax $6.9
Ancillaries Cost of Goods Sold $14.6
Utilities $15.6
Staff Benefits $28.9
Supplies & Expenses $43.1
Support Staff Salaries $83.3

Table 3, Historical Comparisons of Academic and Support Staff Positions, depicts changes in staff levels since 1981 and the growth experienced in academic and support staff since 1998. Academic staff numbers have now returned to the levels in 1992 when student numbers were also close to current levels. Support staff positions are at an all time high in 2003-2004 at 1.22 FTE support staff for every academic staff. People are the driving force in the overall success of the University of Manitoba and the growth trend in positions is evidence of the University's commitment to attracting and retaining the faculty and staff who are essential to the achievement of its goals.

Table 3
Historical Comparisons of Academic and Support Staff Positions
University of Manitoba 1981-2003



1. Staff positions are FTE operating budget positions (excluding Ancillary Services).
2. Academic librarians are included in support staff.

Students

The University has continued to experience growth in student enrolment for the sixth consecutive year with enrolments climbing to an all time record high of 24,402 full time equivalent students, representing an overall growth in students of 6.5% over 2003-2004. This growth translated into increased fee revenues which are an important source of funding for the University's operation, with fees of $83.5 million being earned in 2003-2004 as compared to $79.1 million the previous year, an increase of 5.6%.

The enrolment growth over the past six years is largely attributable to the University's commitment to accessibility and to an aggressive marketing campaign designed to raise the level of awareness of the University of Manitoba in the Province as well as across the country and internationally. The increase in international student enrolments to 1,718, more than double the number from five years ago, represents an increase of about 39% over 2002-2003.

Over the years the University of Manitoba has demonstrated its commitment to increasing enrollments of Aboriginal students, both on campus and through its continuing education and distance education programs in northern Manitoba and north western Ontario. In fact, the University has strived to become the university of "first choice" for Aboriginal students. The Province, through COPSE, has for many years provided special funding for the Access Programs as part of its operating grant allocations. Several faculties and schools have been heavily involved in providing academic programs and training the Aboriginal leaders of the future. In addition, special service centres tailored to the needs of Aboriginal students have been established in faculties, schools and support units such as an Accessibility Office, the Aboriginal Student Centre, the Manitoba First Nations Education Resource Centre, the Aboriginal Inclusivity and Cultural Sensitivity Program, Aboriginal Wellness and the Social Work Mentorship Program, to name a few. Annually, the achievements of Aboriginal students are celebrated through a traditional graduation POW WOW ceremony.

Through a voluntary self-declaration process at the point of registration, Aboriginal students are invited to declare their status. This has assisted faculties, schools and support units in developing services and programs for Aboriginal students which support student success. Through this self-declaration the University of Manitoba has been able to identify the participation of 1,102 self-declared students in 2003-2004 (929 in 2002-2003). This represents an overall undergraduate participation rate of at least 4.8% for fiscal 2003-2004. As not all eligible students self-declare, however, the actual participation of Aboriginal students is known to be higher than reported.

Table 4, Selected Statistics provides information on student enrolments by session, self-declared Aboriginal student by faculty/school as well as undergraduate student credit hours, degrees, diplomas and certificates conferred on our graduates, the general operating grant, the grant in lieu of the tuition fee rebate, tuition fee income and scholarships and bursaries paid in each of the past five years.

With tuition fees frozen at 1999-2000 levels and a 10% tuition fee rebate program in place, actual student numbers have increased even more significantly than the full time equivalent figures might suggest, with 26,572 students attending classes in the fall and winter session on a full or part time basis and 9,951 students attending classes in summer session.

To meet the challenges of accommodating growing numbers of students - both in terms of delivery of services and in space, technology and infrastructure, the University has had to be creative and look for other opportunities to improve its service delivery and facilities to attract and retain students. These challenges are being met both through the resource allocation process each year and through private fund raising.

As part of the resource allocation process for example, faculties, schools and support units all engage in strategic planning, developing three year plans that identify their priorities as well as how they plan to meet those priorities in the absence of increased levels of funding. To make funds available for strategic realignment, a Strategic Initiatives Process was created a number of years ago. Salary savings resulting from academic staff vacancies are pulled back centrally for reallocation by the Vice President (Academic) and Provost in consultation with the President. Any savings over and above what is required to fund a complete return of all academic positions is used to support the annual resource allocation process. In 2003-2004, $617,000 was reallocated through the Strategic Initiatives Process in support of institutional strategic priorities.

The *Building on Strengths* Capital Campaign came to an official close in February 2004, surpassing its goal of $200 million by raising $237 million in funding which will be used to support the University's strategic institutional priorities. **Table 5, *Building on Strengths*: Campaign for the University of Manitoba** provides detailed information on the final results of the Capital Campaign, as of March 31, 2004, including a comparison of the gifts received to goals that were initially set. The success of the *Building on Strengths* Capital Campaign is overwhelming evidence of the support for the University of Manitoba among its staff, students, the community and the Province.

Access to education is also facilitated with a strong scholarship, bursary and loan program so that students requiring financial assistance for their education have access to sources of funding for their tuition and living expenses. In this regard, students will directly benefit from the success of the Capital Campaign as pledges of $41 million are received. Endowments for student support will build, providing sustained sources of funding for increased scholarships and bursaries. In 2003-2004 scholarships and bursaries totaling $7.2 million (2002-2003, $7.6 million) were paid to students to help defray the cost of their education. In addition, the University of Manitoba is committed to employing its students and in 2003, employed 3,337 students on a part-time basis, paying out almost $9.9 million in salaries. Not only does this help students pay for their courses and living expenses, but it also provides them with valuable work experience, in many cases in their field of study.

The Campaign's success will also facilitate the recruiting of quality staff and students. Chairs and professorship endowments will grow by $11.7 million over the next few years as pledges are collected, library endowments by $7.7 million and faculty, school and college endowments by over $87.1 million. The I.H. Asper School of Business was successful in raising $19.8 million of the $87.1 million to support the faculty, in large part due to the benefactor after whom the School of Business is named.

Building for a Bright Future
Be a Centre for Research and Graduate Education that Makes a Difference to Our Province, Our Nation and Our World

Over the past number of years, the growth in research activity has been exceptional. In fiscal 2003-2004, $83.5 million in research support was received through research grants or contracts from the Federal and Provincial Governments as well as from various foundations, business and industry, and individuals. This represents a further 5.7% increase in research funding over the previous year (2002-2003, $79M). Over the past 10 years, the growth is yet more impressive with sponsored or assisted research increasing by almost 66.3% from a level of $50.5 million. The University currently holds 30 Canada Research Chairs, is an active participant in 15 of the Federal Government's 20 Networks of Centres of Excellence program, and serves as the headquarters of the ISIS Canada (Intelligent Sensing for Innovative Structures) Network of Centres of Excellence.The University is also home to over 25 research centres and institutes that foster collaborative research in a wide variety of fields, ranging from aging and Aboriginal health to disabilities studies and transportation.

In 2002-2003, the Federal Government announced its intention to provide operating funding to universities engaged in research to partially compensate them for the indirect costs associated with conducting research. The University of Manitoba, as a research intensive institution received a one-time only grant of $5.5 million. In early 2003, the Federal

Table 4
Selected Statistics

	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Regular Session Enrolment					
Total Students[1,2]	26,572	24,981	23,618	21,978	21,124
•Undergraduate students	23,032	21,724	20,534	19,000	18,154
% Annual Change	6.0	5.8	8.1	4.7	0.4
Full-Time	16,885	15,879	15,376	14,404	13,844
Part-Time	6,147	5,845	5,158	4,596	4,310
•Graduate students	3,112	2,852	2,693	2,593	2,590
% Annual Change	9.1	5.9	3.9	0.1	(2.1)
Full-Time	2,240	1,996	1,884	1,822	1,857
Part-Time	872	856	809	771	733
•Post-Graduate Medical Education Students	428	405	391	385	380
Summer Session Enrolment	9,951	9,493	9,009	8,221	7,835
Full-Time Equivalent Students[1,3]	24,402	22,907	21,930	20,493	19,760
International Students	1,718	1,232	974	826	754
Self-Declared Canadian Aboriginal Students[4]	1,102	929	794	513	n/a
Agricultural & Food Sciences	7	-[6]	-[6]	-[6]	
Architecture	7	4	-[6]	-[6]	
Art, School of	13	8	-[6]	-[6]	
Arts	144	125	93	60	
Business, Asper School of	37	33	23	12	
Continuing Education	121	93	88	77	
Education	50	28	33	15	
Engineering	37	28	19	14	
Environment	7	-	-	-	
Graduate Studies[5]	22	5	-	-	
Human Ecology	3	5	-[6]	-[6]	
Law	15	16	10	3	
Medicine	8	7	-[6]	-[6]	
Nursing	111	96	59	35	
Pharmacy	7	4	-[6]	-[6]	
Physical Education & Recreation Studies	14	12	8	5	
Science	63	37	27	19	
Social Work	171	166	148	69	
University 1	258	252	258	194	
Others[6]	7	10	28	10	
Undergraduate Student Credit Hours[1]					
Regular Session	513,215	485,888	465,682	437,048	420,726
Degrees, Diplomas, Certificates Conferred					
Undergraduate	3,730	3,643	3,538	3,348	3,411
Graduate	555	556	559	541	604
General Operating Grant (000's)	$198,248	$191,003	$187,425	$172,530	$166,113
Grant in Lieu of Tuition Fee Rebate (000's)	$7,721	$7,208	$6,829	$6,285	-
Tuition Fees (000's)	$83,517	$79,126	$73,713	$67,804	$68,872
Scholarships & Bursaries (000's)	$7,198	$7,621	$7,946	$6,987	$6,284

1. As at November 1st.
2. Includes B.Sc.(Dentistry), B.Sc.(Medicine) and Joint Master's Program students.
3. Full-Time Equivalent Students = Full-time + (Part-time / 3.5). Includes both Summer and Regular Session.
4. Aboriginal identity is self-declared on the Admission form. Undergraduate data collection began in 2000-2001. Because the self-declaration is voluntary, and because only a limited number of admission cycles have been completed, the numbers reported would be less than the total population of Canadian Aboriginal students on campus.
5. Data collection for graduate students began in 2002-2003.
6. Faculties/Schools with less than three students are included in 'Others'.

Table 5

***Building on Strengths*: Campaign for the University of Manitoba**

As at March 31, 2004

Allocation	Total Pledges and Gifts	Goal	% of Goal
Institutional Priorities			
Capital Building Projects:			
Aboriginal Centre and Programs	$354,689	$2,000,000	17.7%
Centre for Music, Art and Design	$6,235,842	$10,000,000	62.4%
Engineering and Information Technology Complex	$16,057,483	$17,000,000	94.5%
Faculty of Pharmacy Facilities	$1,070,905	$5,000,000	21.4%
Richardson Centre for Functional Foods and Nutraceuticals	$3,925,071	$6,000,000	65.4%
Other Institutional Support:			
Chairs and Professorships	$11,669,139	$10,000,000	116.7%
College Support	$4,730,587	$5,000,000	94.6%
Faculty/School Support	$62,533,257		
Gifts in Kind (excluding Libraries)	$2,895,474		
I.H. Asper School of Business Endowment	$19,836,338	$30,000,000	66.1%
Libraries	$7,713,960	$10,000,000	77.1%
Libraries - Gifts in Kind	$1,431,836		
Province of Manitoba	$50,000,000		
Teaching and Technology Projects	$142,389	$5,000,000	2.8%
Student Support	$41,030,353	$30,000,000	136.8%
Research	$5,283,289	$10,000,000	52.8%
Unrestricted/Terms to be Determined	$2,747,682		

	Total Pledges and Gifts	Minimum Goal	% of Goal
Campaign Achievements	$237,658,294	$200,000,000	118.8%

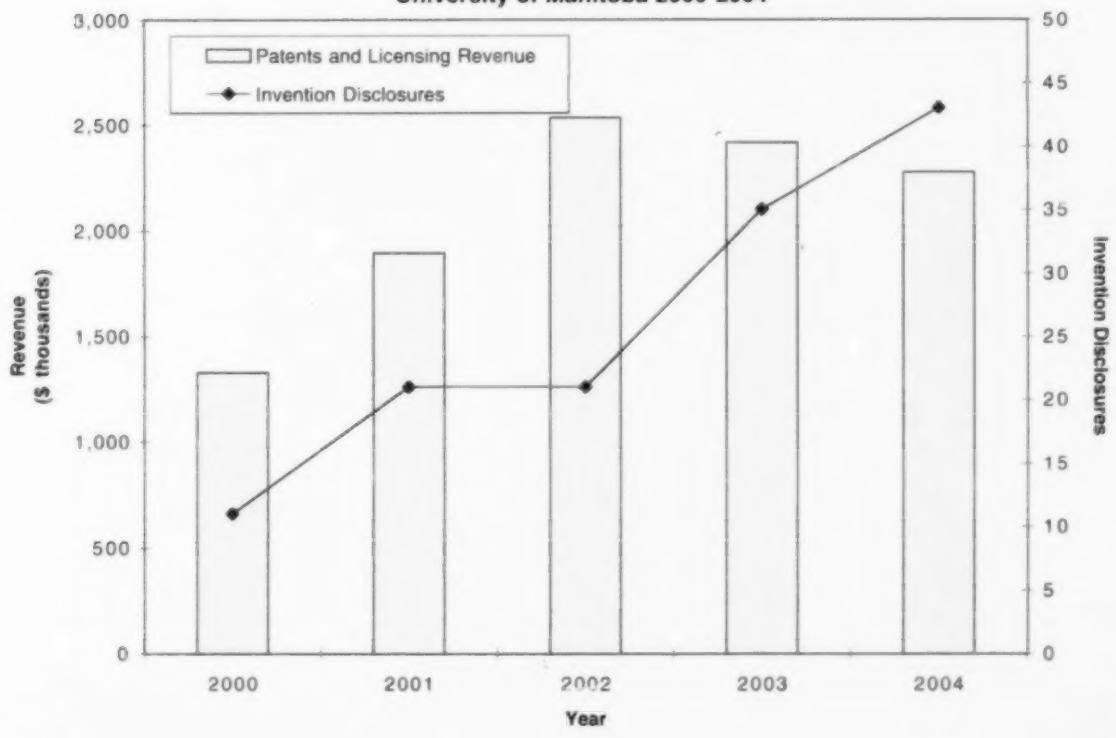
Government announced its intention to make the program a permanent one. In 2003-2004, from a funding envelope of $225 million, the University of Manitoba received an allocation of $6.1 million to fund ongoing indirect costs of research. The allocation was based on the research activity conducted at the University from 1999-2000 to 2001-2002, as measured by research grants provided by the three major granting agencies. Indirect costs of research is accounted for within the Operating Fund.

The University of Manitoba has also been very successful in competitions for Canada Foundation for Innovation ("CFI") grant funding which is matched by contributions from the Manitoba Research Innovation Fund ("MRIF") and other partners. Success in competition for these funds is essential to the University's ability to maintain a modern research infrastructure that is necessary to support a full range of important and innovative research programs. In 2003-2004 this success translated into $7.4 million in funding which was used for the acquisition of highly specialized research equipment, such as a high powered electron microscope for the Faculty of Engineering and ice breaker equipment for the Faculty of Environment relating to a joint research project with Laval University. An $8.8 million grant from CFI, MRIF and industry is also funding the Centre for Agroecological Livestock Production Systems at the University's Glenlea location. This Centre will be used to conduct research in the area of sustainable development of livestock and crop production in Canada.

As a contribution to the *Building on Strengths* Capital Campaign, the Bill and Melinda Gates Foundation contributed $17 million U.S. to HIV/AIDS research and prevention which University of Manitoba medical researchers are conducting in India. The Gates Foundation is known to be a charitable institution that chooses wisely the worthy causes it supports. This highly prestigious gift is supportive of the University's renowned research success in reducing the spread of HIV/AIDS in developing countries.

Also demonstrative of research success at the University of Manitoba is the growth experienced in the number of invention disclosures and the increase in patents and licensing revenues earned over the past five years. In 2003-2004, there were 43 invention disclosures as compared to 35 in 2002-2003. The growth in the number of invention disclosures and patents and licensing revenues is depicted in **Table 6, Number of Invention Disclosures and Patents and Licensing Revenues**.

Table 6
Number of Invention Disclosures and Patents and Licensing Revenue
University of Manitoba 2000-2004



The key to a successful research program at any university is the ability to attract and retain quality graduate students. These students typically align themselves with academic staff who are conducting research in their area of interest, allowing for an inter-generational passing of knowledge as well as a strengthening of the knowledge base which is being created. Over the past five years, the number of graduate students at the University of Manitoba has increased by 20%, with half of this increase (10%) occurring in the current fiscal year.

Building for a Bright Future

Provide the Human, Physical and Technological Infrastructure Necessary for Learning and Research

In fiscal 2003-2004, the University of Manitoba invested $83.7 million in capital assets, $47 million of which related to the acquisition of land, the construction of buildings and infrastructure repairs and improvements, $27.2 million of which related to the acquisition of capital equipment and technological improvements and $9.5 million of which related to library acquisitions. With capital asset additions in 2002-2003 at a level of $75.4 million, the current year's additions mark a continuation of the trend in campus renewal at the University of Manitoba.

The Arthur V. Mauro Student Residence was completed at a construction cost of $14.6 million and students took up residency in the fall of 2003. The modern, apartment style residence was built to address waiting lists in existing residences and to provide a hotel-like facility for conference attendees and other visitors to the Fort Garry Campus in the summer. To finance the construction costs, the University took out a long term loan which will be repaid from net revenues generated by the facility over the next 25 years.

Smartpark continued to build its community of innovators. A second multi-tenant facility at 137 Innovation Drive was completed in December 2003 and is fully leased. Tenants include IDERS, Real Time Digital Systems and TransGrid Solutions, all of which already have significant collaborations with the Faculty of Engineering. The cost of this facility was $3.2 million financed via a private placement to be repaid over a 10 year period. As with the first multi-tenant facility, debt servicing is being financed through net revenues generated from long term leases with the tenants.

Work was completed on numerous building upgrade and renovation projects such as roof replacements and building envelope repairs and a number of technology upgrades in classrooms were undertaken, totalling $6.8 million. These projects have multi-funding sources, COPSE being a large contributor in providing $12.8 million in infrastructure and capital campaign funding in 2003-2004. Transfers were also made from trust and operating and designated gifts were received from donors during the year.

The *Building on Strengths* Capital Campaign will have a very positive effect on campus renewal. Approximately $90 million of non-endowed money raised during the capital campaign will be used in support of major capital building projects such as a new Engineering and Information Technology Complex, a Centre for Music, Art and Design, the Richardson Centre for Functional Foods and Nutraceuticals and a new Pharmacy Building at the University's Bannatyne Campus. Included in the $90 million was a generous contribution from the Province of $50 million which will be used in support of these new buildings as well as classroom technology upgrades and to address deferred maintenance issues. Private Funding is continuing to fund raise for specific building projects and classroom technology to provide students and staff with state of the art facilities essential for learning and research.

The University is also in the midst of a period of major administrative system renewal with human resource, finance and student information systems in various stages of implementation. There are also a number of smaller systems that link into these main systems that are being renewed including research grant information, libraries and private funding/alumni development, to name a few. All of these systems will need to be integrated as the projects move forward and a significant training effort will be undertaken to bring departmental users on line. The systems make use of WEB technology and once implemented, will greatly improve the financial and non-financial data required for campus wide decision making and improve the delivery of services to students and staff. Costs incurred in the current fiscal year relating to these systems implementations totalled $3.3 million.

Simultaneously, a University-wide cabling project is in process to bring the University's hard wiring and wireless technology up to date. In 2003-2004, $2.7 million was spent on upgrades in the Administration Building, University Centre, Engineering, Machray Hall, Frank Kennedy and the Max Bell Centre. Funding for the cabling project costs to date have been provided by a number of sources including allocations from the general operating budget, funding by COPSE for equipment and renovations and an allocation of funding from the indirect costs of research program.

These new capital building and infrastructure renewal projects demonstrate the University's commitment to providing a high quality learning and research environment that meets the needs of students, faculty, staff and the community.

The pie charts in **Table 7, Capital Fund Sources and Capital Fund Expenditures 2003-2004** depict the sources of funding for capital, a breakdown of the $83.7 million in capital expenditures between the categories noted and debt servicing costs of $4.2 million.

Table 7
Capital Fund Sources 2003-2004
(expressed in millions of dollars)

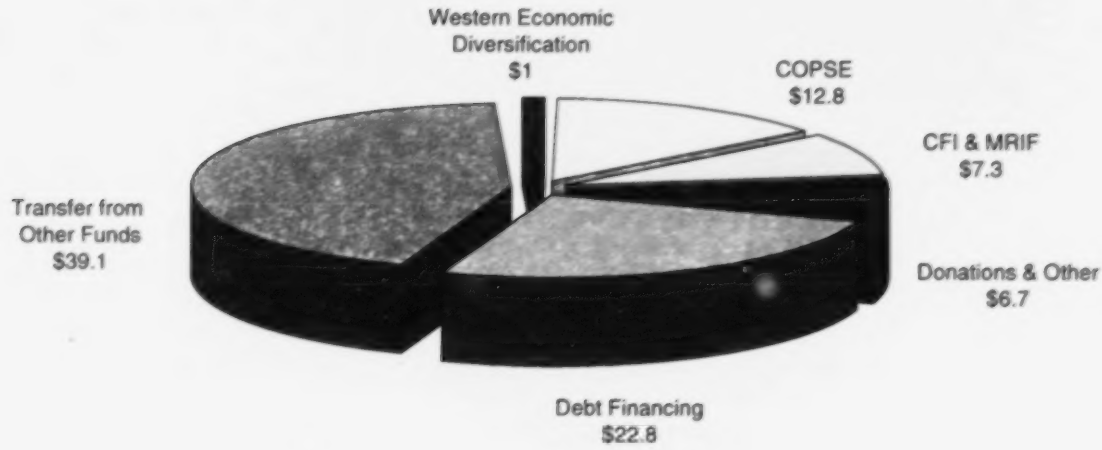
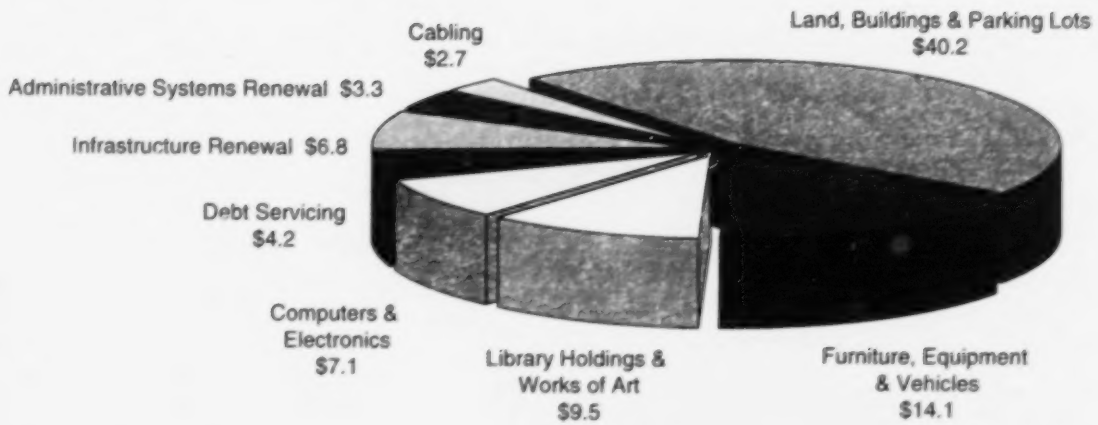


Table 7.1
Capital Fund Expenditures 2003-2004
(expressed in millions of dollars)


Land, Buildings & Parking Lots $40.2
Cabling $2.7
Administrative Systems Renewal $3.3
Infrastructure Renewal $6.8
Debt Servicing $4.2
Computers & Electronics $7.1
Library Holdings & Works of Art $9.5
Furniture, Equipment & Vehicles $14.1

Building for a Bright Future
Be at the Centre of our Community: On Manitoba

In addition to providing a quality university education to students, the University of Manitoba reaches out to the community in many other ways, through continuing education opportunities for individuals and business, contract research and other collaborative efforts and through the provision of specialized services not readily available locally.

The University operates on two main campuses, Fort Garry and Bannatyne, as well as operates facilities at Glenlea Research Station, Carman and Delta Marsh as well as the University of Manitoba Downtown.

A new building about to be constructed on Selkirk Avenue to house the Inner City Social Work Program and the University of Winnipeg Education Program will also enable students enrolled in this Access program to acquire their education in the inner city where they live and will eventually work. Social Work, Medicine and Dentistry all offer programs onsite and through distance education delivery techniques in remote communities in northern Manitoba.

Smartpark was created to provide business and industry opportunities to work collaboratively with researchers at the University of Manitoba. A partnership between Smartpark and the School of Music has resulted in free jazz concerts being presented in Smartpark open to the University community and the general public.

The University of Manitoba's success in serving its mission in education, research and community service translates into benefits for Manitoba. When considering indirect "spin-off" resulting from the University direct expenditures, the University contributes approximately $1 billion to the Manitoba economy annually.

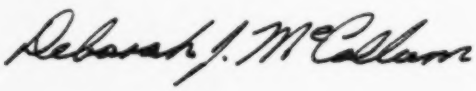
Conclusion

In the short time since the release of the Strategic Academic Plan for the University of Manitoba: *Building for a Bright Future*, considerable progress has been made in achieving its five institutional priorities.

Increased investment in the University is the right choice for Manitoba and will result in sustaining the capacity of the University to support learning, innovation in research and community service.

The University acknowledges with gratitude the Province and the Council on Post Secondary Education as well as all students, staff, alumni, and community stakeholders for their continuing support.

Respectfully submitted,



Deborah J. McCallum,
Vice-President (Administration),
University of Manitoba.

UNIVERSITY
OF MANITOBA

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The University is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with generally accepted accounting principles as set out by the Canadian Institute of Chartered Accountants (CICA). The University believes the consolidated financial statements present fairly the University's consolidated financial position as at March 31, 2004 and the results of its operations for the year then ended.

The University's Board of Governors is responsible for overseeing the business affairs of the University and also has the responsibility to approve the consolidated financial statements. The Board has delegated certain responsibilities to its Audit Committee including the responsibility for reviewing the annual consolidated financial statements and meeting with management and the Auditor General of Manitoba on matters relating to the financial reporting. The Auditor General has full access to the Audit Committee with or without the presence of management. The Board has approved the consolidated financial statements.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University has developed and maintains a system of internal controls designed to provide reasonable assurance that University assets are safeguarded from loss and that accounting records are a reliable basis for the preparation of consolidated financial statements. The integrity of internal controls is reviewed on an ongoing basis by Audit Services and the Auditor General.

The consolidated financial statements for the year ended March 31, 2004 have been reported on by the Auditor General of Manitoba, the auditor appointed under the University of Manitoba Act. The Auditor's Report outlines the scope of his examination and provides his opinion on the fairness of presentation of the consolidated financial statements.

Deborah J. McCallum,
Vice-President (Administration).

May 28, 2004
Winnipeg, Manitoba

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITOR'S REPORT

To the Lieutenant Governor in Council
To the Legislative Assembly of Manitoba
To the Board of Governors of The University of Manitoba

We have audited the consolidated statement of financial position of The University of Manitoba as at March 31, 2004 and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2004 and the results of its operations and changes in fund balances and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
May 28, 2004

Jon W. Singleton, CA•CISA
Auditor General

CONSOLIDATED FINANCIAL STATEMENTS

University of Manitoba
Consolidated Statement of Financial Position
as at March 31
(in thousands of dollars)

Assets	*2004*	*2003*
Current Assets		
Cash	$ 10,202	$ 6,862
Short Term Investments	99,975	91,645
Accounts Receivable (Note 3)	50,824	54,677
Inventories	3,669	3,810
Prepaid Expenses	154	101
	164,824	157,095
Long Term Assets		
Loan Receivable	200	
Investments (Note 4)	244,687	229,747
Investment in Subsidiary Companies (Note 5)	93	93
Capital Assets, Net of Accumulated Amortization (Note 7)	409,374	353,536
	654,354	583,376
	$ 819,178	$ 740,471
Liabilities		
Current Liabilities		
Accounts Payable	$ 30,264	$ 26,584
Unearned Revenue	3,790	4,409
Staff Vacation Entitlements	8,300	7,781
Construction Loan		7,636
Current Portion of Capital Lease Obligations (Note 8)	273	257
Current Portion of Long Term Debt (Note 9)	6,393	345
	49,020	47,012
Long Term Liabilities		
Capital Lease Obligations (Note 8)	283	420
Long Term Debt (Note 9)	31,925	8,756
Employee Future Benefits (Note 10)	50,090	51,036
	82,298	60,212
Fund Balances	687,860	633,247
	$ 819,178	$ 740,471

Commitments and Contingencies (Note 15)

Wayne R. Anderson - Chair

Terry Sargeant - Vice-Chair

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances
for the years ended March 31
(in thousands of dollars)

	General Funds (Note 2e)	*Restricted Funds (Note 2f)*	*Endowment Fund (Note 2g)*	*2004 Total Funds*	*2003 Total Funds*
Revenue:					
Tuition and Related Fees	$ 83,517	$	$	$ 83,517	$ 79,126
Contributions, Donations, Non-Government Grants	936	51,344	9,906	62,186	60,931
Investment Income	2,897	8,741		11,638	9,782
Miscellaneous Income	1,481	63		1,544	1,159
Government Grants:					
Council on Post-Secondary Education	205,969	12,838		218,807	208,341
Other Province of Manitoba	1,895	19,577		21,472	26,459
Government of Canada	6,482	59,094		65,576	64,738
Sales of Goods and Services	20,228			20,228	20,538
Ancillary Enterprises	27,871			27,871	26,322
	351,276	151,657	9,906	512,839	497,396
Expense:					
Academic	195,176	91,567		286,743	269,074
Libraries	13,027	56		13,083	11,957
Student Services	14,452	718		15,170	13,895
Administration	19,617	1,992		21,609	19,214
Plant Maintenance	28,712	50		28,762	28,509
Other Academic Support	16,361	505		16,866	16,135
General	4,489	2,671		7,160	6,798
Property Taxes	6,900			6,900	9,051
Scholarships, Bursaries, Prizes and Awards		7,198		7,198	7,621
Interest on Bank Loan, Capital Advances and Capital Lease Obligations		2,882		2,882	797
Amortization of Capital Assets		27,877		27,877	25,418
Ancillary Enterprises	23,664			23,664	23,869
Staff Benefits Contra	312			312	(3,026)
	322,710	135,516		458,226	429,312
Net Revenue	28,566	16,141	9,906	54,613	68,084
Inter-Fund Transfers (Note 12)	(34,499)	33,079	1,420		
Net (Decrease) Increase to Fund Balances	(5,933)	49,220	11,326	54,613	68,084
Fund Balances Beginning of the Year	14,647	533,948	84,652	633,247	565,163
Fund Balances End of the Year	$ 8,714	$ 583,168	$ 95,978	$ 687,860	$ 633,247
Unrestricted Funds	$ (42,719)	$	$	$ (42,719)	$ (38,614)
Internally Restricted Funds	51,064	29,371		80,435	81,049
Externally Restricted Funds	369	172,971	95,978	269,318	246,425
Invested in Capital Assets		380,826		380,826	344,387
	$ 8,714	$ 583,168	$ 95,978	$ 687,860	$ 633,247

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances for the General Funds for the years ended March 31 (in thousands of dollars)

	General Operating Fund (Note 2e)	*Specific Provisions Fund (Note 2e)*	*Expenses Funded From Future Revenues (Note 2e)*	*2004 Total General Funds*	*2003 Total General Funds*
Revenue:					
Tuition and Related Fees	$ 83,517	$	$	$ 83,517	$ 79,126
Contributions, Donations, Non-Government Grants	936			936	540
Investment Income	2,897			2,897	2,590
Miscellaneous Income	1,481			1,481	1,078
Government Grants:					
Council on Post-Secondary Education	205,969			205,969	198,211
Other Province of Manitoba	1,895			1,895	2,005
Government of Canada	6,482			6,482	6,098
Sales of Goods and Services	20,228			20,228	20,538
Ancillary Enterprises	27,871			27,871	26,322
	351,276			351,276	336,508
Expense:					
Academic	195,176			195,176	184,086
Libraries	13,027			13,027	11,897
Student Services	14,452			14,452	13,335
Administration	19,617			19,617	17,471
Plant Maintenance	28,712			28,712	28,498
Other Academic Support	16,361			16,361	15,704
General	4,489			4,489	3,785
Property Taxes	6,900			6,900	9,051
Ancillary Enterprises	23,664			23,664	23,869
Staff Benefits Contra	312			312	(3,026)
	322,710			322,710	304,670
Net Revenue	28,566			28,566	31,838
Inter-Fund Transfers (Note 12)	(28,469)	(1,828)	(4,202)	(34,499)	(13,023)
Net Increase (Decrease) to Fund Balances	97	(1,828)	(4,202)	(5,933)	18,815
Fund Balances Beginning of the Year	1,703	53,261	(40,317)	14,647	(4,168)
Fund Balances End of the Year	$ 1,800	$ 51,433	$ (44,519)	$ 8,714	$ 14,647
Unrestricted Funds	$ 1,800	$	$ (44,519)	$ (42,719)	$ (38,614)
Internally Restricted Funds		51,064		51,064	53,261
Externally Restricted Funds		369		369	
	$ 1,800	$ 51,433	$ (44,519)	$ 8,714	$ 14,647

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances for the Restricted Funds for the years ended March 31 (in thousands of dollars)

	Capital Asset Fund (Note 2f)	*Research and Special Fund (Note 2f)*	*Staff Benefits Fund (Note 2f)*	*Trust Fund (Note 2f)*	*2004 Total Restricted Funds*	*2003 Total Restricted Funds*
Revenue:						
Contributions, Donations, Non-Government Grants	$ 6,723	$ 34,144	$ 1,002	$ 9,475	$ 51,344	$ 50,789
Investment Income	190		1,285	7,266	8,741	7,192
Miscellaneous Income			33	30	63	81
Government Grants:						
Council on Post-Secondary Education	12,838				12,838	10,130
Other Province of Manitoba	4,215	15,362			19,577	24,454
Government of Canada	4,112	54,982			59,094	58,640
	28,078	104,488	2,320	16,771	151,657	151,286
Expense:						
Academic		91,567			91,567	84,988
Libraries		56			56	60
Student Services		718			718	560
Administration		1,992			1,992	1,743
Plant Maintenance		50			50	11
Other Academic Support		505			505	431
General			2,067	604	2,671	3,013
Scholarships, Bursaries, Prizes and Awards				7,198	7,198	7,621
Interest on Bank Loan, Capital Advances and Capital Lease Obligations	2,882				2,882	797
Amortization of Capital Assets	27,877				27,877	25,418
	30,759	94,888	2,067	7,802	135,516	124,642
Net (Expense) Revenue	(2,681)	9,600	253	8,969	16,141	26,644
Inter-Fund Transfers (Note 12)	39,120	(5,716)	3,521	(3,846)	33,079	11,570
Net Increase to Fund Balances	36,439	3,884	3,774	5,123	49,220	38,214
Fund Balances Beginning of the Year	344,387	60,930	12,108	116,523	533,948	495,734
Fund Balances End of the Year	$ 380,826	$ 64,814	$ 15,882	$ 121,646	$ 583,168	$ 533,948
Internally Restricted Funds	$	$	$ 5,451	$ 23,920	$ 29,371	$ 27,788
Externally Restricted Funds		64,814	10,431	97,726	172,971	161,773
Invested in Capital Assets	380,826				380,826	344,387
	$ 380,826	$ 64,814	$ 15,882	$ 121,646	$ 583,168	$ 533,948

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Cash Flows
as at March 31
(in thousands of dollars)

	General Funds	*Restricted Funds*	*Endowment Fund*	*2004 Total Funds*	*2003 Total Funds*
Cash from Operating Activities:					
Excess of Revenue over Expense	$ 28,566	$ 16,141	$ 9,906	$ 54,613	$ 68,084
Amortization of Capital Assets		27,877		27,877	25,418
	28,566	44,018	9,906	82,490	93,502
Net Change in Non-Cash Working Capital Items	13,659	(6,138)		7,521	(7,340)
Net Change in Employee Future Benefits	3,683	(4,629)		(946)	(4,050)
Net Cash Generated through Operating Activities	45,908	33,251	9,906	89,065	82,112
Investing Activities:					
Increase in Long-Term Investments		(3,614)	(11,326)	(14,940)	(7,837)
Increase in Loan Receivable	(200)			(200)	
Purchase of Capital Assets		(83,715)		(83,715)	(75,418)
Net Cash Used in Investing Activities	(200)	(87,329)	(11,326)	(98,855)	(83,255)
Financing Activities:					
Proceeds from Capital Lease Obligations		232		232	48
Proceeds from Long Term Debt		22,564		22,564	1,500
Proceeds from Construction Loan					7,636
Principal Repayment on Capital Lease Obligations		(353)		(353)	(239)
Principal Repayment on Long Term Debt		(983)		(983)	(2,977)
Net Cash Generated in Financing Activities		21,460		21,460	5,968
Net Increase (Decrease) in Cash	45,708	(32,618)	(1,420)	11,670	4,825
Inter-Fund Adjustments	(34,499)	33,079	1,420		
Cash Beginning of Year	37,749	60,758		98,507	93,682
Cash End of Year	$ 48,958	$ 61,219	$	$ 110,177	$ 98,507
Cash is defined as:					
Cash	$ 4,759	$ 5,443	$	$ 10,202	$ 6,862
Investments	44,199	55,776		99,975	91,645
	$ 48,958	$ 61,219	$	$ 110,177	$ 98,507

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars)

1. AUTHORITY AND PURPOSE

The University of Manitoba was established in 1877. It is governed by a Board of Governors acting under the authority of The University of Manitoba Act, R.S.M. 1987, c. U60. The University of Manitoba is a registered charity and is exempt from income taxes under Section 149 of the Income Tax Act.

The University of Manitoba, as the largest and most comprehensive institution of higher learning in Manitoba, plays a distinctive role within the Province. In addition to offering an undergraduate liberal education in arts, science and education, the University of Manitoba provides programs in a broad range of professional studies, applied sciences and the fine and performing arts and is responsible for the vast majority of graduate education and research in Manitoba. The University of Manitoba reaches out to a variety of constituencies in order to enhance the health, cultural, social and economic life of Manitobans and to provide lifelong learning opportunities for them. Through community service the University makes its expertise available to all Manitobans.

2. SIGNIFICANT ACCOUNTING POLICIES

a. General

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the Canadian Institute of Chartered Accountants ("CICA") for not-for-profit organizations. The University has adopted the restricted fund method of accounting for contributions.

b. Basis of Consolidation

The consolidated financial statements include the accounts of Smart Park Development Corporation, a wholly owned subsidiary of the University of Manitoba. The company has a March 31 year end and its purpose is to market and promote the development of a research park at the University of Manitoba.

c. Fund Accounting

The University classifies resources used for various purposes into separate Funds which correspond to its major activities and objectives. The Consolidated Statement of Financial Position combines the assets and liabilities of all Funds.

The University maintains its Funds under three fund categories, General, Restricted and Endowment Funds. The General Funds include the Funds for General Operating, Specific Provisions and Expenses Funded from Future Revenues. The Restricted Funds include the Capital Asset, Research and Special, Staff Benefits and Trust Funds. The Endowment Fund includes endowment funds of the University.

d. Accounting Estimates

Accounting estimates are included in financial statements to approximate the effect of past revenue or expense transactions or events, or to approximate the present status of an asset or liability. Examples include accruals for property taxes not yet assessed and the estimated useful life of an asset. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

e. General Funds

General Operating Fund:

The General Operating Fund includes the academic, administrative, operational and ancillary costs that are funded by tuition and related fees, government grants, investment and miscellaneous income, sales of goods and services to external parties and ancillary income. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.

All funds received or accrued by the University for general operating purposes and for equipment and renovation expenses not meeting the University's capitalization criteria are included in the General Operating Fund. The net cost of operating units is determined by including internal cost allocations for certain centrally administered services such as the telephone system in the units' expenses and by deducting these expenses as internal cost recoveries from the total expenses incurred by the unit administering these services.

The University Book Store, Parking, Student Residences and Pharmacy/Post Office are classified as Ancillary Enterprises and are budgeted on a break-even basis. Any surpluses or deficits are unrestricted and are maintained within the General Operating Fund. Overhead costs have been allocated to all ancillary operations. The replacement or improvement of capital assets for these ancillaries is funded by an annual appropriation to the Specific Provisions Fund. Amortization of ancillary capital assets and interest expense is recorded in the Capital Asset Fund.

Academic and administrative units also generate revenues through the sale of goods and services to individuals, companies and organizations external to the University. The revenues earned are unrestricted resources and are reflected in the General Operating Fund.

Specific Provisions Fund:
The Specific Provisions Fund records appropriations made from (to) the General Operating, Capital Asset and Research and Special Funds.

These appropriations are made to provide future funding for the replacement, improvement or emergency maintenance of capital assets, or other matters, including a fiscal stabilization provision to offset potential spending in excess of future budgets. Such appropriations are shown as inter-fund transfers on the Consolidated Statement of Operations and Changes in Fund Balances.

Expenses Funded From Future Revenues:
Expenses Funded from Future Revenues records the amount of unpaid vacation pay for permanent non-academic staff which will be funded from future revenues. It also records the actuarially determined expense for employee future benefits.

f. Restricted Funds

Capital Asset Fund:
The Capital Asset Fund consists of restricted contributions resulting from capital asset co-funding arrangements with external parties, contributed capital assets, sinking fund investment income and government grants, restricted for the purpose of acquiring capital assets and retiring capital advances. Expenses include interest on debt relating to the acquisition or construction of capital assets, amortization and gains or losses on disposal of capital assets, including write downs resulting from obsolescence.

Research and Special Fund:
The Research and Special Fund consists of contributions specifically restricted for research or other special activities. Contributions are provided from both federal and provincial granting agencies and other public and private sources. These funds are spent in accordance with the conditions stipulated in the governing contracts and agreements.

Staff Benefits Fund:
The Staff Benefits Fund is divided into Fund Accounts for Pension Reserve, Self-Insured Plans and Benefit Reserve, the revenues of which are restricted for the purposes noted.

(i) Pension Reserve:
This Fund Account is restricted for special payments towards any unfunded liability of The University of Manitoba Pension Plans (1970) and (1993) and other pension obligations.

(ii) Self-Insured Plans:
This Fund Account records the assets and liabilities for two self-insured benefit plans, the Long Term Disability Income Plan and the Dental Plan. The Long Term Disability Income Plan is used for long term disability payments arising on and after June 1, 1981 for eligible staff. The Plan contains two funds, one for the payment of Basic Benefits and another for the payment of Cost-of-Living Benefits. The Dental Plan is administered by a contracted third party. Surplus funds are held for the purpose of covering deficits which may occur in this self-insured plan.

(iii) Benefit Reserve:
This Fund Account is used for the support of current and future staff benefit programs. Experience refunds related to the group insurance plans are credited to this Fund Account. Employment Insurance premium savings resulting from the extended sick leave coverage provided by the University are also credited to this Fund Account.

Trust Fund:
The Trust Fund records gifts and bequests received which may be used in their entirety along with net investment income earned on these funds, according to donor restrictions. The majority of these funds are used for scholarships, bursaries, awards, loans, and other scholarly activities.

g. Endowment Fund
The Endowment Fund records gifts and bequests received with the stipulation that these funds be invested in perpetuity and the income earned be utilized for designated purposes. In certain cases, the donor requires that a portion of the current investment income also be capitalized. As such, these funds are added to the capital account of the endowment.

h. Revenue Recognition

Restricted contributions relating to general operations are recognized as revenue of the General Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted Fund when received or receivable.

Unrestricted contributions, including sales of goods and services and ancillary revenues, are recognized as revenue of the General Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income earned on temporary surplus funds, with the exception of trust and endowment funds, is recorded as unrestricted income in the General Operating Fund.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund in the year received. Investment income earned on endowments is recorded in the appropriate Fund depending on the restrictions imposed by the original donor.

i. Contributed Materials and Services

Gifts-in-kind for materials other than capital assets are recorded in the consolidated financial statements to the extent that they are eligible for an official donation receipt, since this results in the capture of the information in the University's financial records.

Because of the difficulty involved in tracking and recording contributed services, however, the market value of these services are not recognized in the consolidated financial statements. Contributed services include activities such as membership on the University's Board of Governors and its various committees, lecturing services and volunteer services at fund raising or sporting events all of which are performed by staff, students and the community at no charge to the University. These services, although not recognized in the consolidated financial statements, are critical to the successful functioning of the University.

j. Investments

All investments are recorded at cost. All investment income is recorded on an accrual basis. Realized gains on sales of investments are recognized in the year of disposal. Losses are recognized in the year of disposal or when there is a loss in value of the investment that is deemed to be other than temporary.

Temporary surplus cash is invested in the short term money market.

Trust and endowment funds are invested in either the University Investment Trust ("UIT") or the Specific Trusts. The UIT is pooled for investment purposes. Within the UIT individual capital accounts are unitized, in order to improve the protection of the real value of capital balances against inflation and to facilitate the equitable distribution of income based on the number of units. A new market value per unit is determined monthly. Capital contributions and withdrawals are based on the current market value per unit. Trust and endowment funds held in the UIT are invested in fixed income securities and in the equity markets. These investments are professionally managed and held in the custody of an independent company. The Specific Trust funds are not pooled, but are invested individually in fixed income securities.

Staff benefits funds are invested in pooled funds in the fixed income securities and equity markets. These investments are professionally managed and held in the custody of an independent company.

k. Pledges Receivable

The University does not record pledges receivable in its consolidated financial statements. Revenue from gifts, bequests and donations is recognized on a cash basis because of the uncertainty surrounding collection and in some instances because of the difficulty in determining the valuation of pledges receivable. The University recognizes gifts and donations to be received through the University of Manitoba Foundation U.S.A. Inc. only when the Board of Directors of the Foundation have formalized the transfer with a resolution, collectibility is reasonably assured and the valuation of these gifts and donations can be reasonably determined.

l. Inventories

Inventories have been valued at the lower of cost and replacement cost.

m. Capital Assets

Purchased capital assets are recorded at cost. Capital assets which are constructed by the University are recorded as Construction in Progress until the capital asset is put into use. Contributed capital assets are recorded at market value at the date of contribution. Intangibles such as patents and copyrights are recorded at a nominal amount of one dollar in the year the patent or copyright is obtained.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings and Major Renovations	15-50 years
Computer Hardware, Software and Electronics	5-10 years
Furniture and Equipment	10 years
Library Books	10 years
Parking Lots	20 years
Vehicles	5 years

Equipment acquired under a capital lease is amortized over the term of the lease. Works of art, treasures, rare books and manuscripts are not amortized. Capital assets acquired or constructed and put into use during the fiscal year are amortized at one-half of the applicable rate.

n. Collections

The University holds a number of collections which have been donated to its libraries, faculties and schools over the years. The library, faculty or school receiving the donation assumes responsibility for safeguarding and preserving the collection. The University seldom, if ever, disposes of its collections or of individual pieces in its collections and therefore does not have a formal policy with respect to the use of proceeds of disposal. However, the University abides by all restrictions placed by donors at the time a donation is received, which may include restrictions imposed relating to the sale of a collection or items contained therein.

The University's policy with regard to its collections is to fund maintenance expenses from the General Operating Fund, if monies are not available for such purposes in a Restricted Fund. The cost of maintenance is not tracked and is therefore not determinable.

o. Pension Costs

The cost of pension benefits earned by employees who are members of the University of Manitoba Pension Plan (1970) and the University of Manitoba Pension Plan (1993) is determined actuarially using the projected unit credit actuarial cost method and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. Pension costs for The University of Manitoba GFT Pension Plan (1986) are based on the contributions required of the University by that Plan.

p. Financial Instruments

The financial instruments at the University consist of cash, short term investments, accounts receivable, long term investments, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the University is not exposed to significant interest, currency, market or credit risks arising from these financial instruments. The fair values of these instruments approximate their carrying values, unless otherwise disclosed.

q. Employee Future Benefits

The University accrues its obligations for employee future benefit plans relating to health, dental, long term disability and group life insurance. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

r. Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rate. Revenues and expenses are translated at exchange rates on the transaction dates. Gains or losses arising from these translations are included in earnings.

s. Interest Rate Swaps

An interest rate swap is a derivative financial contract between two parties who agree to exchange fixed rate interest payments for floating rate payments on a predetermined notional amount and term. From time to time, the University enters into interest swap agreements in order to manage the interest rate exposure associated with certain debt obligations. Because long term swap agreements effectively and completely hedge the underlying short term debt obligations, the University reflects the obligations as long term debt in the financial statements.

(in thousands of dollars)

3. ACCOUNTS RECEIVABLE

	2004	2003
Council on Post-Secondary Education	$ 1,346	$ 2,291
General	23,700	26,690
Research and Special	25,778	25,696
	$ 50,824	$ 54,677

4. INVESTMENTS

The fair values and book values of investments as at March 31 are:

	2004 Fair Value	2004 Book Value	2003 Book Value
Trust & Endowment			
Bankers Acceptance, Guaranteed Investment Certificates and Cash	$ 16,953	$ 16,953	$ 14,261
Bonds and Other Fixed Income Securities:			
Government of Canada	21,144	20,895	15,550
Province of Manitoba	3,439	3,331	3,331
Other Provincial	5,864	5,558	2,549
Municipal	2,805	2,575	2,575
Corporate	24,001	22,572	19,985
Other	5,085	4,912	3,702
	62,338	59,843	47,692
Equities:			
Canadian Equities	64,708	52,602	52,765
US Equities	38,184	41,162	40,772
International Equities	40,140	42,361	41,690
	143,032	136,125	135,227
	222,323	212,921	197,180
Capital*			
Bankers Acceptance, Guaranteed Investment Certificates and Cash	6	6	72
Province of Manitoba Bonds			410
Other Provincial Bonds	2,013	2,007	1,476
	2,013	2,007	1,886
	2,019	2,013	1,958
Staff Benefits			
Money Market Fund and Cash	441	441	400
Bonds	10,821	9,905	9,327
Equities:			
Canadian Equities	8,185	6,350	6,968
US Equities	4,606	5,161	5,596
International Equities	4,846	4,999	5,580
	17,637	16,510	18,144
Mortgage Fund	3,088	2,897	2,738
	31,987	29,753	30,609
Total Investments	$ 256,329	$ 244,687	$ 229,747

**Represents Sinking Fund Assets on Deposit with the Province of Manitoba, which are held to retire the Urgent Project Capital Advances as described in Note 9.*

5. INVESTMENT IN SUBSIDIARY COMPANIES

University of Manitoba Research Ltd., incorporated under the Manitoba Corporations Act, is a wholly-owned subsidiary of the University. University of Manitoba Research and Development Corporation is a wholly-owned subsidiary of University of Manitoba Research Ltd. Both subsidiary companies have a March 31 year end and were inactive during the 2003/04 fiscal year. The consolidated net income (loss) of University of Manitoba Research Ltd. is

recorded in the Research and Special Fund in the Consolidated Statement of Operations and Changes in Fund Balances.

Small Business Law Clinic (MB) Inc. is a wholly-owned not-for-profit corporation without share capital. The purpose of the corporation is to operate a clinic, whereby students from the Faculty of Law may develop skills that are prerequisite to a successful solicitor-client relationship and in the process, assist community-based entrepreneurs and small business owners by dispensing legal information at a nominal cost. The company is exempt from income taxes under Section 149 of the Income Tax Act.

6. ECONOMIC INTEREST IN RELATED ENTITIES

a. The University of Manitoba Foundation U.S.A. Inc.

The University has an economic interest in the University of Manitoba Foundation U.S.A. Inc. ("the Foundation") which is an Illinois Not-For-Profit Corporation incorporated in December 1989. The Foundation's purpose is exclusively charitable, literary, scientific and educational and its activities include the promotion, encouragement, aid and advancement of higher education, research and training in the Province of Manitoba, in Canada and elsewhere. The Foundation is exempt from U.S.A. Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

The Board of Directors of the Foundation is an independent board whose members direct and guide the Foundation's actions. Members on the Board include, among others, certain senior staff of the University of Manitoba. The University of Manitoba, however, is one of many universities eligible to receive aid from the Foundation. The University must make application to the Foundation's Board of Directors to request funds, which may or may not be granted. The University's economic interest therefore is beneficial, as gifts and donations which are solicited by the Foundation may be transferred to the University of Manitoba from time to time.

b. Biovar Life Support Inc.

The University has a 25% interest in Biovar Life Support Inc. ("Biovar") which is a profit-oriented company with a June 30 year end. The University accounts for its investment in Biovar utilizing the cost method as it does not have significant influence in the management and/or direction of the company.

7. CAPITAL ASSETS, NET OF ACCUMULATED AMORTIZATION

	2004		2003	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Assets Under Capital Lease	$ 3,450	$ 2,989	$ 3,239	$ 2,741
Buildings and Major Renovations	369,693	101,730	317,984	94,625
Computer Hardware, Software and Electronics	94,555	69,022	89,299	67,351
Construction in Progress	14,351		18,342	
Furniture and Equipment	118,273	69,517	107,720	65,704
Land	10,181		9,873	
Library Books	110,518	76,106	101,442	70,914
Parking Lots	2,112	217	1,338	131
Rare Books and Manuscripts	3,766		3,688	
Vehicles	5,650	4,514	5,524	4,247
Works of Art	920		800	
	733,469	324,095	659,249	305,713
Less Accumulated Amortization	324,095		305,713	
Net Book Value	$ 409,374		$ 353,536	

8. CAPITAL LEASE OBLIGATIONS

Minimum lease payments which includes principal and interest under the capital lease obligations are as follows:

2005	$ 293
2006	209
2007	90
Total Minimum Lease Payments	592
Less: Interest at 5.96%	(36)
	556
Less: Current Portion	(273)
	$ 283

(in thousands of dollars)

9. LONG TERM DEBT

	2004	2003
Province of Manitoba Capital Advances:		
Urgent Projects:		
5 7/8% due May 20, 2007	$ 482	$ 482
7 1/8% due July 27, 2008	706	706
6 7/8% due December 15, 2009	257	257
6 7/8% due March 31, 2011	555	555
	2,000	2,000
Term Loans:		
University Parkade, 6.51%, due July 30, 2004	3,470	3,597
University Parkade, Prime less .75%, due August 1, 2019	803	856
Helen Glass Centre for Nursing, 6.75%, due November 1, 2004	1,017	1,157
*Smartpark Multi Tenant Facility, 6.05% due October 31, 2012	1,464	1,491
*Smartpark Multi Tenant Facility, 5.95% due December 31, 2013	3,200	
	9,954	7,101
Bankers Acceptances with Interest Rate Swaps:		
Arthur V. Mauro Student Residence, 5.92% due September 5, 2028	16,851	
Energy Performance Program, 4.31%, due November 10, 2009	9,513	
	26,364	
	38,318	9,101
Less: Current Portion		
- Term Loans	(4,569)	(345)
- Bankers Acceptances	(1,824)	
	(6,393)	(345)
	$ 31,925	$ 8,756

*Represents debt of Smartpark Development Corporation.

The University entered into an interest rate swap agreement whereby the University has fixed a swap rate of 5.92% on a 25 year loan for the Arthur V. Mauro Student Residence. The stamping fee is committed until September 1, 2013. Under the terms of the agreement, the University is required to make monthly principal and interest repayments similar to a conventional amortizing loan. The notional principal underlying this swap agreement amounted to $16,851 as at March 31, 2004.

On March 31, 1997, the University entered into an energy performance contract with MCW Energy Reduction Services Ltd. ("MCW"). Under the terms of a Tri-Party agreement, the University agreed to the assignment by MCW to BNP Paribas Bank of all right, title and interest in payment of monies by the University under the energy performance contract. On November 12, 2003 the University terminated the Tri-Party agreement and paid out the loan to BNP Paribas in the amount of $9,985. This payout was financed by entering into a six year interest rate swap agreement whereby the University has fixed a swap rate of 4.31%. Under the terms of this agreement, the University is also required to make monthly principal and interest payments. The notional principal underlying this agreement amounted to $9,510 as at March 31, 2004. The stamping fee is committed until November 10, 2004.

The University's exposure to interest rate risk is managed through the use of these swap agreements.

Principal repayments on long term debt payable over the next five years are as follows:

	Capital Advances	Term Loans	Bankers Acceptances	Total
2005	$	$ 4,569	$ 1,824	$ 6,393
2006		83	1,909	1,992
2007		85	2,001	2,086
2008	482	87	2,094	2,663
2009	706	89	2,195	2,990
Thereafter	812	5,041	16,341	22,194
	$ 2,000	$ 9,954	$ 26,364	$ 38,318

(in thousands of dollars)

10. EMPLOYEE FUTURE BENEFITS

The University of Manitoba provides certain health, dental, and group life benefits for its retired employees and long term disability benefits for current employees.

The current year benefit expense for existing and future retirees of the University is $2,261 (2003, income of $2,032).

The accrued benefit obligation relating to these defined benefit plans is $50,090 as at March 31, 2004 (2003, $51,036). The plan assets relating to these defined benefit plans is $18,650 as at March 31, 2004 (2003, $18,719). The type of assets held are disclosed in Note 4.

In the current year, expected claims for extended health and dental benefits were based on the actual rates in effect as of April 1, 2003. Claims cost for extended health benefits were assumed to increase at an annual rate of 8% for the next 10 years and at a rate of 5% thereafter. Claims cost for dental benefits were assumed to increase at an annual rate of 6% for the next 5 years and at an annual rate of 4% thereafter. Group life benefits are expected to increase at a rate of 2.5% per annum. Further, in measuring the University's accrued benefit obligation, the actuary assumed a discount rate of 6.25%.

Other information about the University's defined benefit plan is as follows:

Employer contribution	$2,444
Employees' contributions	$ 906
Benefits Paid	$4,514
Expected return on plan assets	6.25%

11. INTER-FUND ADVANCES AND LOANS

Inter-Fund advances and loans at March 31 are as follows:

	2004	2003
General Operating Fund:		
Due from (to) Trust	$ (662)	$ 36
Due from Capital Asset	11,120	15,663
	$ 10,458	$ 15,699
Capital Asset Fund:		
Due to Operating	$ (11,120)	$ (15,663)
Trust Fund:		
Due from (to) Operating	$ 662	$ (36)

12. INTER-FUND TRANSFERS

Inter-Fund transfers at March 31 are as follows:

	General Operating	Specific Provisions	Expenses Funded From Future Revenues	Capital Asset	Research and Special	Staff Benefits	Trust Fund	Endowment Fund
Employee Future Benefits	$ (946)	$	$ (3,683)	$	$	$ 4,629	$	$
Net Change in Vacation Pay Liability	519		(519)					
Benefit Premiums Net of Employer Contributions for Staff Benefits	1,108					(1,108)		
Appropriations for Specific Provisions:								
Capital Asset Replacements & Improvements	(3,835)	3,835						
Fiscal Stabilization, Net	914	(723)		(191)				
Unit Carryovers, Special Projects & Initiatives	(4,825)	4,825						
Funding of Capital Asset Additions	(24,232)	(8,223)		37,978	(4,274)		(1,249)	
Long Term Debt Repayments	(1,622)			1,691	(69)			
Student Contributions to University Development Funds	(1,057)			86			432	539
Scholarships, Bursaries & Prizes	(800)	(100)					900	
Other Net Transfers	(112)			(430)	(802)		463	881
Funding of Building on Strengths Campaign	1,097	(1,097)						
Overhead Recoveries	1,533				(1,533)			
Funding of General Operating Expenses	3,789	(345)		(14)			(3,430)	
Funding of Research Projects					962		(962)	
March 31, 2004	$ (28,469)	$ (1,828)	$ (4,202)	$ 39,120	$ (5,716)	$ 3,521	$ (3,846)	$ 1,420
March 31, 2003	$ (31,090)	$ 10,305	$ 7,762	$ 25,515	$ (5,036)	$ (5,271)	$ (3,638)	$ 1,453

13. CONTRIBUTED CAPITAL ASSETS

Contributions recognized in the Capital Asset Fund include contributed capital equipment and library books of $1,132 (2003, $2,352).

14. PENSION PLANS

The University of Manitoba administers the University of Manitoba Pension Plan (1970), The University of Manitoba GFT Pension Plan (1986) and The University of Manitoba Pension Plan (1993). These are trusteed pension plans. The Trustees are responsible for the custody of the Plans' assets and issuance of annual financial statements, which do not form part of the University's financial statements.

The University of Manitoba Pension Plan (1970) and University of Manitoba Pension Plan (1993) are both money purchase plans with a defined benefit minimum. The funding for the plans requires a matching contribution from the University and the employees. The surplus from the Plans and the matching contribution is adequate to fund the Plan and the current level of funding satisfies the requirements of the Manitoba Pensions Benefit Act.

The actuarial present value of accrued pension benefits has been determined using the projected unit credit actuarial cost method, and assumptions developed by reference to expected long-term market conditions. An actuarial valuation effective December 31, 2001 was completed in 2002 by Eckler Partners Ltd., a firm of consulting actuaries. The results of this valuation have been extrapolated by Eckler Partners Ltd. to December 31, 2003. As at December 31, 2003, the University of Manitoba Pension Plan (1970) and The University of Manitoba Pension Plan (1993) were in an actuarial surplus of $809 (2002, $774) and $17,074 (2002, $4,448), respectively. The University cannot access this surplus and as a result, no asset has been recorded.

The actuarial present value of benefits as at December 31 and the principal components of changes in actuarial present values during the year, were as follows:

	2003		2002	
	1993 Plan	1970 Plan	1993 Plan	1970 Plan
Actuarial present value of accrued pension benefits at beginning of year	$ 687,963	$ 14,788	$ 665,110	$ 14,492
Interest accrued on benefits	50,476	1,386	36,561	384
Benefits accrued	25,881	1,218	22,422	1,211
Benefits paid	(31,947)	(1,012)	(36,541)	(1,300)
Actuarial gain/loss	521		411	1
Actuarial present value of accrued pension benefits at end of year	$ 732,894	$ 16,380	$ 687,963	$ 14,788

The significant long-term assumptions used in the valuation of the accrued pension benefits were a rate of return on assets of 7% per annum, a general rate of salary increase of 2.5% for the first two years and 5% thereafter, and a 6% interest assumption on the basis for converting member accumulations into annuities. However, in preparing the extrapolation the investment return used for 2002 and 2003 was 2.73% and 9.31% respectively, being the rates of return for those years based on the actuarial asset values.

The actuarial value of net assets available for benefits, has been determined using a five year moving average fair value method. Under this method, the fair value is the underlying basis, but capital gains and losses are amortized over a five year period.

The fair and actuarial values of net assets available for benefits as at December 31 were as follows:

	2003		2002	
	1993 Plan	1970 Plan	1993 Plan	1970 Plan
Fair value of net assets available for benefits	$ 782,439	$ 17,933	$ 692,411	$ 15,562
Fair value changes not reflected in the actuarial value of net assets	(32,471)	(744)		
Actuarial value of net assets available for benefits	$ 749,968	$ 17,189	$ 692,411	$ 15,562

The University recognized expenses equal to its contributions of $11,849 (2003, $10,806) for the 1970 Plan and for the 1993 Plan for the year ended March 31, 2004. Employee contributions matched the employer contributions.

The next full actuarial valuation of the Plans will be effective December 31, 2003 and will be completed in 2004.

The University of Manitoba GFT Pension Plan (1986) is a defined contribution pension plan, therefore, there is no requirement for an actuarial valuation of this Plan. The University's contributions to this Plan were $1,345 in 2004 (2003 $1,331).

15. COMMITMENTS AND CONTINGENCIES

The University of Manitoba is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums, which are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year.

Contractual commitments relating to construction in progress amount to $5,403 (2003, $13,488).

The University of Manitoba is named as a defendant in litigations where action has commenced or is anticipated. While the ultimate outcome of these proceedings cannot be predicted at this time, management and its legal counsel are of the opinion that the outcome will not have a material effect on the financial position of the University. No provision has been made in the financial statements in respect of these claims as of March 31, 2004.

16. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2003 have been restated, where appropriate, to conform with the presentation adopted for March 31, 2004.

SCHEDULES (UNAUDITED)

Schedule 1 **Tuition and Related Fees**

	Undergraduate	*Graduate*	*March 31, 2004*	*Undergraduate*	*Graduate*	*March 31, 2003*
Degree Programs						
Regular Session:						
Agricultural and Food Sciences	$ 1,070,782	$ 347,598	$ 1,418,380	$ 996,918	$ 294,219	$ 1,291,137
Architecture	1,284,915	526,382	1,811,297	1,104,150	541,241	1,645,391
Arts	13,365,302	723,626	14,088,928	12,127,037	700,347	12,827,384
Continuing Education Distance Programs	3,095,601		3,095,601	2,851,251		2,851,251
Dentistry	2,488,028	205,986	2,694,014	2,158,693	189,241	2,347,934
Education	2,020,043	364,558	2,384,601	1,876,072	302,681	2,178,753
Engineering	2,751,100	661,348	3,412,448	2,501,550	638,400	3,139,950
Environment	1,617,249	281,139	1,898,388	2,001,703	236,955	2,238,658
Graduate Studies		255,600	255,600			
Human Ecology	1,196,313	87,255	1,283,568	1,072,811	70,319	1,143,130
I. H. Asper School of Business	5,531,729	539,770	6,071,499	5,274,523	682,612	5,957,135
Interdisciplinary		33,976	33,976		39,698	39,698
Law	1,269,026	7,402	1,276,428	1,155,031	18,741	1,173,772
Medicine	3,647,975	723,682	4,371,657	3,543,133	476,969	4,020,102
Nursing	2,949,835	206,576	3,156,411	2,978,351	180,733	3,159,084
Pharmacy	779,985	42,397	822,382	701,393	39,541	740,934
Physical Education and Recreation Studies	1,066,820	48,623	1,115,443	1,031,658	52,501	1,084,159
School of Art	1,211,156		1,211,156	1,115,625		1,115,625
School of Music	488,831	34,963	523,794	464,706	37,541	502,247
Science	13,130,970	579,217	13,710,187	11,562,889	541,040	12,103,929
Social Work	1,117,448	248,250	1,365,698	1,079,133	235,856	1,314,989
University 1	533,546		533,546	546,411		546,411
	60,616,654	5,918,348	66,535,002	56,143,038	5,278,635	61,421,673
Summer Session:						
Agricultural and Food Sciences		4,226	4,226		4,800	4,800
Architecture	26,754	12,343	39,097	16,974	2,216	19,190
Arts	1,764,068	13,471	1,777,539	1,597,928	9,306	1,607,234
Continuing Education Distance Programs	801,636		801,636	604,127		604,127
Dentistry	10,530		10,530		738	738
Education	153,012	11,761	164,773	171,836	4,062	175,898
Engineering	131,145	9,900	141,045	91,914	7,948	99,862
Environment	284,542	2,296	286,838	265,208	123	265,331
Human Ecology	162,616	1,187	163,803	116,993	1,108	118,101
I. H. Asper School of Business	822,263	13,910	836,173	657,394	19,471	676,865
Interdisciplinary					3,463	3,463
Law				246		246
Medicine	160,232	3,543	163,775	122,188	2,783	124,971
Nursing	686,084	535	686,619	735,045	1,108	736,153
Pharmacy					369	369
Physical Education and Recreation Studies	49,913		49,913	57,005		57,005
School of Art	124,875		124,875	88,144		88,144
School of Music	26,722	376	27,098	31,493		31,493
Science	1,398,368	8,271	1,406,639	1,348,428	6,952	1,355,380
Social Work	259,187	6,621	265,808	369,368	10,947	380,315
	6,861,947	88,440	6,950,387	6,274,291	75,394	6,349,685
Miscellaneous Fees			1,606,227			1,760,641
Non-Degree Programs						
Continuing Education			5,381,879			6,686,171
Other Faculties			3,043,562			2,908,268
			$ 83,517,057			$ 79,126,438

Schedule 2 **Changes to Research and Special Fund** *(Page 1)*

	Balance March 31, 2003	*Revenue*	*Expense*	*Inter-Fund Transfers*	*Balance March 31, 2004*
Sponsored or Assisted Research:					
Government of Canada:					
Social Sciences and Humanities Research Council	$ 2,181,472	$ 3,505,124	$ 3,490,395	$ (11,458)	$ 2,184,743
Canadian Institutes of Health Research	8,996,516	18,437,532	17,902,460	(44,791)	9,486,797
Canadian Foundation for Innovation		590,672	98,377		492,295
Canadian International Development Agency	6,622,776	6,457,226	6,250,159	(246,084)	6,583,759
Miscellaneous	1,378,249	4,633,491	3,490,510	(96,027)	2,425,203
Networks of Centres of Excellence	17,484	3,200,000	3,165,145		52,339
Natural Sciences and Engineering Research Council	6,438,320	14,321,104	13,612,261	(36,874)	7,110,289
	25,634,817	51,145,149	48,009,307	(435,234)	28,335,425
Province of Manitoba:					
Agriculture	246,156	813,214	701,068	(14,465)	343,837
Health Research Initiative	4,169,661	875,226	791,326		4,253,561
Health Research Council	1,135,190	1,837,570	1,948,616		1,024,144
Miscellaneous	1,376,978	2,494,085	2,280,705	(26,560)	1,563,798
	6,927,985	6,020,095	5,721,715	(41,025)	7,185,340
Business and Industry	3,904,147	3,826,628	3,534,380	27,488	4,223,883
Foundations, Associations, etc.	9,971,886	13,516,844	13,753,612	(296,777)	9,438,341
Individuals	1,170,756	277,427	714,236	71,407	805,354
Manitoba Heart Foundation	262,097	925,163	821,150		366,110
National Cancer Institute of Canada	341,963	935,909	896,884		380,988
Special Projects	1,404,499	670,157	473,633	(743)	1,600,280
United States	5,494,064	6,182,339	5,574,253	(496,920)	5,605,230
	22,549,412	26,334,467	25,768,148	(695,545)	22,420,186
Sub-Total	55,112,214	83,499,711	79,499,170	(1,171,804)	57,940,951

Schedule 2 **Changes to Research and Special Fund** *(Page 2)*

	Balance March 31, 2003	*Revenue*	*Expense*	*Inter-Fund Transfers*	*Balance March 31, 2004*
Special Funds:					
Government of Canada:					
Health Canada	$ (67,193)	$ 2,652,792	$ 1,995,961	$ 51,409	$ 641,047
Miscellaneous	657,642	1,184,140	1,528,006	(85,803)	227,973
	590,449	3,836,932	3,523,967	(34,394)	869,020
Province of Manitoba:					
Health	1,468,099	9,055,680	8,813,802	(10,141)	1,699,836
Miscellaneous	38,426	286,494	229,676	980	96,224
	1,506,525	9,342,174	9,043,478	(9,161)	1,796,060
Business and Industry	267,378	158,091	239,596	29,516	215,389
Foundations, Associations, etc.	1,579,092	5,710,376	4,935,505	(469,883)	1,884,080
Individuals	1,184,389	417,139	877,018	234,145	958,655
Special Projects	690,195	1,523,930	1,086,120	22,800	1,150,805
	3,721,054	7,809,536	7,138,239	(183,422)	4,208,929
Sub-Total	5,818,028	20,988,642	19,705,684	(226,977)	6,874,009
Total Research and Special Funds	60,930,242	104,488,353	99,204,854	(1,398,781)	64,814,960
Less Capitalized Items			(4,316,822)	(4,316,822)	
		$ 104,488,353	$ 94,888,032	$ (5,715,603)	
Balance End of Year	$ 60,930,242				$ 64,814,960

Schedule 3 **Changes to Capital Asset Fund**

	March 31, 2004	*March 31, 2003*
Revenue:		
Contributions, Donations, etc.	$ 6,722,530	$ 6,717,875
Council on Post-Secondary Education	12,837,871	10,130,219
Canada Foundation for Innovation	3,084,269	9,228,913
Investment Income	190,295	243,983
Other Province of Manitoba		425,000
Province of Manitoba Innovation Fund	4,215,563	9,176,980
Western Economic Development Corporation	1,027,630	944,366
	28,078,158	36,867,336
Expense:		
Amortization of Capital Assets	27,877,337	25,418,472
Interest on Bank Loan, Capital Advances and Capital Lease Obligations	2,882,268	796,503
	30,759,605	26,214,975
Inter-Fund Transfers	39,119,558	25,514,803
Net Change in the Year	36,438,111	36,167,164
Balance Beginning of the Year	344,387,561	308,220,397
Balance End of the Year	$ 380,825,672	$ 344,387,561

Schedule 4 **Changes to Specific Provisions Fund**

	Balance March 31, 2003	*Additions*	*Deductions*	*Balance March 31, 2004*
Administrative Systems Renewal	$ 16,546,622	$ 3,070,324	$ 3,403,808	$ 16,213,138
Ancillary Furniture and Equipment Replacement	2,114,264	1,253,300	1,374,129	1,993,435
Building on Strengths Capital Campaign	1,597,022		1,097,022	500,000
Computer Equipment Replacement	3,168,369	1,029,680	700,447	3,497,602
Fiscal Stabilization	7,779,471	3,790,408	4,513,817	7,056,062
Parking Lot Improvements	3,281,476	1,817,597	3,592,601	1,506,472
Physical Education Equipment Replacement	168,874	51,376		220,250
Special Funding Arrangements and Unit Carry Overs	15,847,737	2,298,504		18,146,241
Special Projects & Initiatives	2,133,912	384,073	853,443	1,664,542
Vehicle and Other Equipment Replacement	373,499	45,244	33,022	385,721
Workers' Compensation Self Insurance	250,000			250,000
		$ 13,740,506	$ 15,568,289	
Balance End of Year	$ 53,261,246			$ 51,433,463

Schedule 5 **Changes to Staff Benefits Fund**

	Pension Reserve	*Self-Insured Plans*	*Benefit Reserve*	*March 31, 2004*	*March 31, 2003*
Revenue:					
Investment Income	$ 302,697	$ 637,624	$ 344,874	$ 1,285,195	$ 1,056,735
Contributions		1,001,397		1,001,397	918,826
Experience Credits			33,135	33,135	26,780
	302,697	1,639,021	378,009	2,319,727	2,002,341
Expense:					
Experience Loss		137,638		137,638	414,678
Indemnity Payments	39,602	1,577,975		1,617,577	1,457,646
Management and Administrative Service Fees	23,957	267,749	19,709	311,415	312,714
	63,559	1,983,362	19,709	2,066,630	2,185,038
Net Revenue (Expense)	239,138	(344,341)	358,300	253,097	(182,697)
Inter-Fund Transfers	(354,529)	5,067,108	(1,192,219)	3,520,360	(5,270,860)
Balance Beginning of the Year	4,062,945	1,655,723	6,389,552	12,108,220	17,561,777
Balance End of the Year	$ 3,947,554	$ 6,378,490	$ 5,555,633	$ 15,881,677	$ 12,108,220

Schedule 6 **Revenue and Expense, Ancillary Enterprises**

	Bookstore, Pharmacy, Post Office	*Parking*	*Residences*	*March 31, 2004*	*March 31, 2003*
Revenue	$ 19,614,726	$ 4,457,475	$ 3,799,020	$ 27,871,221	$ 26,321,810
Expense:					
Salaries	2,498,070	392,999	1,171,608	4,062,677	3,928,960
Staff Benefits	338,135	62,852	172,524	573,511	552,490
Pay Tax Levy	53,786	8,462	28,117	90,365	86,766
Cost of Goods Sold	14,641,980			14,641,980	15,547,542
Equipment, Alterations, etc.	101,673	90,379	341,607	533,659	197,751
Utilities	49,249	256,297	708,243	1,013,789	906,437
Supplies and Expense	862,211	1,463,802	422,453	2,748,466	2,649,338
	18,545,104	2,274,791	2,844,552	23,664,447	23,869,284
Net Revenue	1,069,622	2,182,684	954,468	4,206,774	2,452,526
Inter-Fund Transfers	(1,069,622)	(2,177,789)	(953,858)	(4,201,269)	(2,448,522)
Net Income 2004	$	$ 4,895	$ 610	$ 5,505	
Net Income 2003	$	$ 3,274	$ 730		$ 4,004

Schedule 7 **Net Operating Expenditures** *(Page 1)*

	Salaries and Wages					
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Academic Faculties, Colleges & Units						
Agricultural and Food Sciences	$ 5,731,225	$ 371,981	$ 3,115,006	$ 1,234,413	$ 198,803	$ 1,142,159
Architecture	2,822,589	161,714	771,185	461,219	81,010	479,038
Arts	19,080,654	923,531	2,925,429	2,726,482	492,743	1,535,086
Colleges	459,310		534,774	136,305	21,418	192,983
Continuing Education	4,829,434	909,221	3,015,825	1,027,211	191,444	3,435,204
Dentistry	5,175,697	54,342	3,056,499	1,025,418	179,081	2,860,842
Education	4,135,815	371,409	1,021,298	656,874	119,125	754,937
Engineering	6,368,868	673,587	2,342,407	1,115,053	201,032	1,011,115
Environment	3,201,936	184,724	984,661	518,790	93,147	554,351
School of Art	1,657,051	5,075	241,688	237,746	41,070	199,657
Graduate Studies	127,810	2,231,621	428,137	79,457	11,967	188,728
Human Ecology	1,875,381	95,953	485,761	302,275	52,450	200,526
Law	2,155,953	97,991	384,300	291,985	56,855	248,897
I. H. Asper School of Business	5,677,980	433,348	1,583,718	867,616	164,505	1,451,159
Medicine	15,776,457	991,772	5,175,665	3,051,104	479,691	4,471,408
School of Music	1,810,606	121,305	293,362	259,087	47,903	1,016,352
Nursing	3,410,423	2,381,319	1,152,128	909,630	149,681	668,399
Pharmacy	1,467,883	28,755	271,784	220,387	38,363	182,649
Physical Education and Recreation Studies	1,665,643	63,692	208,842	234,098	42,069	197,268
Science	14,561,216	1,400,784	3,296,718	2,264,992	408,240	1,685,425
Social Work	3,179,265	87,470	749,675	506,132	86,390	560,035
University 1	172,745	26,177	412,502	79,770	13,165	139,658
	105,343,941	11,615,771	32,451,364	18,206,044	3,170,152	23,175,878
Less Capitalized Items						
	105,343,941	11,615,771	32,451,364	18,206,044	3,170,152	23,175,878
Libraries						
Agriculture Library	62,591		52,140	16,157	2,471	60,460
Architecture and Fine Arts Library	236,508		321,016	79,133	12,001	111,087
Dental Library						1,698
Education Library	53,839		73,760	18,987	2,755	78,327
Elizabeth Dafoe Library	2,171,365		3,344,471	750,185	118,810	6,275,470
Engineering Library	134,300		89,147	32,322	4,813	233,455
Law Library	211,581		256,702	64,029	10,088	705,218
Management Library	187,288		185,554	47,898	8,030	183,568
Medical Library	818,612		960,221	255,705	38,421	1,155,623
Music Library						31,725
Science Library	206,873		315,877	80,137	12,980	463,900
St. John's College Library	35,312		81,937	17,220	2,526	45,578
St. Paul's College Library	40,926		94,979	18,968	2,927	58,232
	4,239,195		5,775,804	1,380,741	215,822	9,404,341
Less:						
Capitalized Items						
Books & Periodicals Expensed						(8,291,911)
	4,239,195		5,775,804	1,380,741	215,822	1,112,430

		Deduct	Total Expenditure	Deduct	Net Expenditure	
Equipment Alter.,Etc.	Gross Expenditure	Inter-Departmental Income	March 31, 2004	Sales of Goods & Services	March 31, 2004	March 31, 2003
$ 500,383	$ 12,293,970	$ 93,234	$ 12,200,736	$ 848,616	$ 11,352,120	$ 10,506,409
145,005	4,921,760	7,018	4,914,742	59,237	4,855,505	4,752,588
838,192	28,522,119	33,877	28,488,242	79,824	28,408,418	26,964,793
39,801	1,384,591	33,843	1,350,748	3,451	1,347,297	1,057,190
480,647	13,888,986	170,895	13,718,091	112,487	13,605,604	14,682,577
813,557	13,165,436		13,165,436	4,042,784	9,122,652	8,223,015
179,090	7,238,548	24,240	7,214,308	5,430	7,208,878	6,667,820
495,245	12,207,307	178,138	12,029,169	226,798	11,802,371	11,030,711
370,790	5,908,399	78,109	5,830,290	53,138	5,777,152	4,508,713
69,059	2,451,346	3,240	2,448,106	22,819	2,425,287	2,209,343
20,012	3,087,732		3,087,732	37,886	3,049,846	3,388,999
162,995	3,175,341	1,200	3,174,141	78,007	3,096,134	3,101,466
89,992	3,325,973	9,000	3,316,973	57,238	3,259,735	3,067,553
404,130	10,582,456	55,136	10,527,320	8,630	10,518,690	9,691,070
1,455,191	31,401,288	978,426	30,422,862	1,160,530	29,262,332	24,506,885
118,996	3,667,611		3,667,611	67,246	3,600,365	3,413,127
284,422	8,956,002	12,360	8,943,642	27,427	8,916,215	9,473,108
77,771	2,287,592	107,000	2,180,592		2,180,592	2,273,379
97,277	2,508,889		2,508,889	13,009	2,495,880	2,443,520
1,062,585	24,679,960	309,906	24,370,054	311,649	24,058,405	23,002,116
339,461	5,508,428	99,669	5,408,759	234,317	5,174,442	4,694,945
15,651	859,668	17,425	842,243	1,050	841,193	812,210
8,060,252	202,023,402	2,212,716	199,810,686	7,451,573	192,359,113	180,471,537
(4,635,104)	(4,635,104)		(4,635,104)		(4,635,104)	(3,867,238)
3,425,148	197,388,298	2,212,716	195,175,582	7,451,573	187,724,009	176,604,299
	193,819		193,819		193,819	244,130
607	760,352		760,352		760,352	626,208
	1,698		1,698		1,698	849
	227,668		227,668		227,668	258,191
698,227	13,358,528	10,929	13,347,599	488,903	12,858,696	9,744,653
89	494,126		494,126		494,126	623,476
26,302	1,273,920	579	1,273,341	5,827	1,267,514	1,141,868
425	612,763		612,763		612,763	586,985
68,853	3,297,435	4,124	3,293,311	184,590	3,108,721	3,231,520
468	32,193		32,193		32,193	201,299
690	1,160,457		1,160,457		1,160,457	1,517,945
	182,573		182,573		182,573	172,934
615	216,647		216,647		216,647	219,327
796,276	21,812,179	15,632	21,796,547	679,320	21,117,227	18,569,385
(478,147)	(478,147)		(478,147)		(478,147)	(297,946)
	(8,291,911)		(8,291,911)		(8,291,911)	(7,014,570)
318,129	13,042,121	15,632	13,026,489	679,320	12,347,169	11,256,869

Schedule 7 **Net Operating Expenditures** *(Page 2)*

	Salaries and Wages					
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Student Affairs						
Aboriginal Student Centre	$	$ 7,029	$ 153,613	$ 19,412	$ 3,459	$ 73,164
Alumni Association			67,773	9,112	1,460	484,885
Admissions Office			976,973	133,750	21,041	201,380
Chaplain's Office						2,331
Convocation			74,237	12,198	1,599	184,865
Counseling Services	537,934	46,161	129,936	92,296	15,393	45,153
English Language Center	278,382	372,682	117,873	95,993	16,711	387,234
Financial Aid and Awards			211,079	28,076	4,545	21,260
Housing and Student life			80,213	10,831	1,728	31,686
International Centre for Students			234,322	27,829	5,044	27,220
Parent's Programs						24,936
Playcare Centre			108,448	15,004	2,336	7,703
Recreation and Athletics	401,010	1,107,081	1,698,783	356,815	69,034	1,659,286
Special Programming	101,230	229,198	779,366	146,844	23,967	347,622
Student Records Office			875,484	123,436	18,854	348,098
U.M.S.U. Special Projects						9,000
University Health Services			494,678	52,848	9,473	64,475
	1,318,556	1,762,151	6,002,778	1,124,444	194,644	3,920,298
Less Capitalized Items						
	1,318,556	1,762,151	6,002,778	1,124,444	194,644	3,920,298
Administration						
Audit Services			209,663	23,780	3,740	52,640
Financial Services			3,180,428	464,266	68,581	221,445
Human Resources			2,358,045	312,831	49,542	779,053
Institutional Analysis			397,095	53,427	8,554	32,720
Legal Services			202,863	25,395	4,375	361,493
Office Machine Services						
Ombudsman			63,498	9,867	1,368	10,771
President's Office	1,179,316	14,183	3,435,734	574,472	100,171	1,212,107
Private Funding & Annual Giving			1,011,123	138,004	21,766	354,131
Public Affairs			374,964	55,669	8,078	1,053,891
Staff Benefits Office			564,718	81,657	12,176	164,535
University Centre Management			380,050	49,384	8,183	304,972
University Secretariat			338,665	41,570	7,293	62,728
Visitor's Centre			24,737	2,436	532	17
	1,179,316	14,183	12,541,583	1,832,758	294,359	4,610,503
Less Capitalized Items						
	1,179,316	14,183	12,541,583	1,832,758	294,359	4,610,503
Physical Maintenance						
Auto Fleet						1,199,049
Insurance			12,762,899	1,960,516	274,982	1,369,702
Physical Plant			1,301,444	185,608	28,037	131,395
Security						
Utilities:						104,659
Carmen/Glenlea						6,224,280
Fuel-Fort Garry						1,721,327
Fuel-Medical and Dental						4,989,528
Light, Power and Water			309,149	45,127	6,658	1,427,800
Telephone						10,915
Vehicle Fleet			38,366	5,816	827	23,313
Waste Management						432,294
Workers' Compensation			14,411,858	2,197,067	310,504	17,634,262
Less Capitalized Items						
			14,411,858	2,197,067	310,504	17,634,262

		Deduct	Total Expenditure	Deduct	Net Expenditure	
Equipment Alter.,Etc.	Gross Expenditure	Inter-Departmental Income	March 31, 2004	Sales of Goods & Services	March 31, 2004	March 31, 2003
$ 5,034	$ 261,711	$	$ 261,711	$ 1,590	$ 260,121	$ 283,640
	563,230		563,230		563,230	517,047
11,385	1,344,529		1,344,529	1,000	1,343,529	1,325,569
1,249	3,580		3,580		3,580	3,249
2,498	275,397		275,397		275,397	255,565
5,629	872,502		872,502	8,824	863,678	811,302
38,097	1,306,972	5,978	1,300,994	265,416	1,035,578	892,040
90	265,050		265,050		265,050	274,173
716	125,174		125,174	3,256	121,918	112,086
17,611	312,026		312,026	8,539	303,487	248,287
	24,936		24,936		24,936	13,374
7,868	141,359		141,359	32,552	108,807	117,331
270,846	5,562,855	35,557	5,527,298	4,277,913	1,249,385	1,127,221
39,178	1,667,405	3,090	1,664,315	67,415	1,596,900	1,379,080
41,091	1,406,963	25,012	1,381,951		1,381,951	1,281,388
	9,000		9,000		9,000	9,000
42,956	664,430		664,430	369,924	294,506	190,468
484,248	14,807,119	69,637	14,737,482	5,036,429	9,701,053	8,840,820
(284,998)	(284,998)		(284,998)		(284,998)	(247,696)
199,250	14,522,121	69,637	14,452,484	5,036,429	9,416,055	8,593,122
3,984	293,807		293,807		293,807	272,785
77,920	4,012,640	58,977	3,953,663	55,758	3,897,905	3,506,444
342,145	3,841,616	364,972	3,476,644	3,305	3,473,339	2,784,585
70	491,866		491,866		491,866	497,399
1,221	595,347		595,347		595,347	503,326
127,325	127,325	77,667	49,658		49,658	117,184
1,435	86,939		86,939		86,939	78,275
555,885	7,071,868	274,609	6,797,259	35,000	6,762,259	5,869,283
21,225	1,546,249		1,546,249		1,546,249	1,410,487
6,718	1,499,320	670,653	828,667		828,667	699,388
29,511	852,597		852,597	445,232	407,365	354,431
110,165	852,754		852,754	576,882	275,872	166,720
1,747	452,003		452,003		452,003	425,461
	27,722		27,722		27,722	26,941
1,279,351	21,752,053	1,446,878	20,305,175	1,116,177	19,188,998	16,802,709
(688,200)	(688,200)		(688,200)		(688,200)	(482,941)
591,151	21,063,853	1,446,878	19,616,975	1,116,177	18,500,798	16,319,768
51,195	51,195		51,195		51,195	47,865
88,899	1,287,948		1,287,948		1,287,948	886,430
7,721,918	24,090,017	4,088,910	20,001,107	301,567	19,699,540	16,989,385
32,715	1,679,199	743,818	935,381		935,381	873,774
	104,659		104,659		104,659	
	6,224,280	609,780	5,614,500	1,059,801	4,554,699	5,236,731
153,268	1,874,595	166,812	1,707,783	13,615	1,694,168	1,798,264
	4,989,528	488,067	4,501,461	391,738	4,109,723	3,853,262
8,430	1,797,164	2,818,475	(1,021,311)	42,236	(1,063,547)	(952,817)
34,774	45,689	62,885	(17,196)	872	(18,068)	(27,237)
3,785	72,107		72,107	88,502	(16,395)	(28,031)
	432,294		432,294	80,540	351,754	271,085
8,094,984	42,648,675	8,978,747	33,669,928	1,978,871	31,691,057	28,948,711
(4,957,736)	(4,957,736)		(4,957,736)		(4,957,736)	(2,599,903)
3,137,248	37,690,939	8,978,747	28,712,192	1,978,871	26,733,321	26,348,808

Schedule 7 **Net Operating Expenditures** *(Page 3)*

	Salaries and Wages					
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*	*Supplies and Expenses*
Other Academic Support						
Information Services and Technology	$	$	$ 7,397,014	$ 1,020,054	$ 159,395	$ 1,330,398
Institutes, Centres and Specialized Academic Units	9,827	205,263	618,445	117,082	17,814	979,474
Research Development	42,819	130,408	12,382	8,876	2,449	1,417,560
Staff Development Program	960	9,282		480	148	240,311
	53,606	344,953	8,027,841	1,146,492	179,806	3,967,743
Less Capitalized Items						
	53,606	344,953	8,027,841	1,146,492	179,806	3,967,743
General Expenditure						
125th Anniversary						265,830
Audit Fees/Memberships						4,513
Bad Debts						2,616
Campus Beautification			3,849	246	83	1,169
Campus Planning Group						240,988
Canopy License and Fees						519,343
Change in Vacation Pay Liability						245,416
Employee Assistance Plan						(145,893)
Exchange and Bank Charges						147,261
Handicapped Transport						16,002
Miscellaneous			4,122	285	121	4,854
Outreach Programs						95,177
R.G. and E.M. Knight Distinguished Visitors Program				1,431,649		
Retiring Allowances				966,264		
Rentals						188,571
Executive Searches						3,736
Supplementary Health and Dental						734,354
Supplementary Pensions			2,500			
Shuttle Bus						
United Way						
Transfers to Other Institutions			10,471	2,398,444	204	2,323,937
Less Capitalized Items						
			10,471	2,398,444	204	2,323,937
Total of Operating Expenses	$ 112,134,614	$ 13,737,058	$ 79,221,699	$ 28,285,990	$ 4,365,491	$ 65,036,962
Less Total Capitalized Items						(8,291,911)
Total Operating Net of Capitalized Items	$ 112,134,614	$ 13,737,058	$ 79,221,699	$ 28,285,990	$ 4,365,491	$ 56,745,051

Equipment Alter.,Etc.	Gross Expenditure	Deduct Inter-Departmental Income	Total Expenditure March 31, 2004	Deduct Sales of Goods & Services	Net Expenditure March 31, 2004	Net Expenditure March 31, 2003
$ 5,604,804	$ 15,511,665	$ 687,342	$ 14,824,323	$ 253,356	$ 14,570,967	$ 13,449,144
78,651	2,026,556	149,496	1,877,060	1,047,866	829,194	812,549
165,242	1,779,736		1,779,736	2,177,387	(397,651)	51,416
4,605	255,786		255,786		255,786	226,373
5,853,302	19,573,743	836,838	18,736,905	3,478,609	15,258,296	14,539,482
(2,375,310)	(2,375,310)		(2,375,310)		(2,375,310)	(2,736,407)
3,477,992	17,198,433	836,838	16,361,595	3,478,609	12,882,986	11,803,075
						49,816
	265,830		265,830		265,830	205,229
	4,513		4,513		4,513	460
	2,616		2,616		2,616	286
	5,347		5,347		5,347	706
	240,988	250,050	(9,062)		(9,062)	144,597
	519,343		519,343		519,343	685,300
	245,416		245,416		245,416	163,410
	(145,893)		(145,893)		(145,893)	(238,444)
1,849	1,849		1,849		1,849	1,795
3,817	151,078		151,078		151,078	145,380
87	20,617		20,617		20,617	25,110
	4,854		4,854		4,854	314
				2,398	(2,398)	5,655
				1,970	(1,970)	(2,074)
	95,177		95,177		95,177	20,682
	1,431,649		1,431,649		1,431,649	1,195,284
	966,264		966,264	483,132	483,132	468,490
303	188,874		188,874		188,874	160,553
	6,236		6,236		6,236	6,017
	734,354		734,354		734,354	273,472
6,056	4,739,112	250,050	4,489,062	487,500	4,001,562	3,312,038
6,056	4,739,112	250,050	4,489,062	487,500	4,001,562	3,312,038
$ 24,574,469	$ 327,356,283	$ 13,810,498	$ 313,545,785	$ 20,228,479	$ 293,317,306	$ 271,484,682
(13,419,495)	(21,711,406)		(21,711,406)		(21,711,406)	(17,246,703)
$ 11,154,974	$ 305,644,877	$ 13,810,498	$ 291,834,379	$ 20,228,479	$ 271,605,900	$ 254,237,979

Schedule 8 **Research & Special Fund Expenditures**

	Salaries and Wages				
	Academic	*Other Instruction*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Academic Faculties, Colleges & Units					
Agricultural and Food Sciences	$ 132,131	$ 2,674,974	$ 1,045,964	$ 287,591	$ 50,833
Architecture	9,500	19,241	12,531	2,966	887
Arts	58,145	584,651	208,637	65,135	15,049
Colleges		2,000	1,646	216	35
Continuing Education	53,047	45,636	235,032	30,594	4,578
Dentistry	51,227	113,545	107,029	22,173	3,179
Education	3,936	185,143	278,549	35,283	10,214
Engineering	474,631	2,968,202	405,608	122,566	25,442
Environment	58,915	974,528	104,655	45,968	8,827
School of Art		4,249	1,517	301	123
Graduate Studies		2,397,053			
Human Ecology	50,000	436,372	130,380	41,140	7,676
Law	4,500	62,190	4,500	4,157	1,337
I. H. Asper School of Business	32,873	193,050	253,712	33,215	7,133
Medicine	3,715,843	9,649,473	9,341,817	2,282,568	370,917
School of Music					
Nursing	207,564	99,937	138,751	40,414	8,990
Pharmacy	159,632	327,827	259,875	57,420	9,783
Physical Education and Recreation Studies	302,289	297,239	60,392	67,962	11,906
Science	172,979	2,393,570	551,207	161,889	28,104
Social Work	139,501	60,396	217,232	38,284	7,374
	5,626,713	23,489,276	13,359,034	3,339,842	572,387
Less Capitalized Items					
	5,626,713	23,489,276	13,359,034	3,339,842	572,387
Libraries			4,710	335	100
Less Capitalized Items					
Less Books and Periodicals Expensed					
			4,710	335	100
Student Affairs		555,383	2,014	147	43
Less Capitalized Items					
		555,383	2,014	147	43
Administration	57,664	32,011	121,506	11,862	1,697
Less Capitalized Items					
	57,664	32,011	121,506	11,862	1,697
Plant Maintenance					
Less Capitalized Items					
Other Academic Support					
Institutes, Centres and Specialized Academic Units	22,938	161,786	61,963	16,871	3,634
Research Development					
	22,938	161,786	61,963	16,871	3,634
Less Capitalized Items					
	22,938	161,786	61,963	16,871	3,634
Total of Research and Special Fund Expenses	$ 5,707,315	$ 24,238,456	$ 13,549,227	$ 3,369,057	$ 577,861
Less Capitalized Items					
Total of Research and Special Fund Expenses Net of Capitalized Items	$ 5,707,315	$ 24,238,456	$ 13,549,227	$ 3,369,057	$ 577,861

Supplies and Expenses	Equipment Alter.,Etc.	March 31, 2004 Gross Expenditure	March 31, 2003 Gross Expenditure
$ 1,612,332	$ 1,175,193	$ 6,979,018	$ 6,215,283
86,354	1,775	133,254	53,158
1,093,455	135,209	2,160,281	1,480,419
7,783		11,680	
195,519	12,551	576,957	584,000
274,208	52,779	624,140	824,882
572,088	9,899	1,095,112	741,469
4,162,288	633,734	8,792,471	9,044,360
912,846	237,243	2,342,982	1,822,192
59,681	9,464	75,335	48,184
		2,397,053	1,958,697
513,865	37,446	1,216,879	1,053,403
28,019		104,703	100,812
532,897	40,765	1,093,645	913,617
30,348,502	2,345,831	58,054,951	55,191,510
(84,275)		(84,275)	16,743
209,009	38,332	742,997	543,952
301,734	49,476	1,165,747	679,308
305,618	114,675	1,160,081	1,138,126
2,449,867	677,423	6,435,039	5,811,484
69,351	42,670	574,808	990,843
43,651,141	5,614,465	95,652,858	89,212,442
	(4,086,438)	(4,086,438)	(4,224,391)
43,651,141	1,528,027	91,566,420	84,988,051
48,045	20,421	73,611	116,890
	(17,666)	(17,666)	(26,802)
			(29,725)
48,045	2,755	55,945	60,363
158,119	1,926	717,632	578,331
			(18,510)
158,119	1,926	717,632	559,821
1,112,897	858,610	2,196,247	1,749,678
	(203,794)	(203,794)	(6,974)
1,112,897	654,816	1,992,453	1,742,704
46,575	5,845	52,420	14,503
	(1,896)	(1,896)	(3,605)
46,575	3,949	50,524	10,898
170,351	10,543	448,086	421,679
64,000		64,000	20,000
234,351	10,543	512,086	441,679
	(7,028)	(7,028)	(10,815)
234,351	3,515	505,058	430,864
$ 45,251,128	$ 6,511,810	$ 99,204,854	$ 92,113,523
	(4,316,822)	(4,316,822)	(4,320,822)
$ 45,251,128	$ 2,194,988	$ 94,888,032	$ 87,792,701